Office of the
Auditor General of Canada

Public Service Management Reform: Progress, Setbacks and Challenges

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Foreword

When I came to office in early 1991, a major public service management reform, Public Service 2000 (PS 2000), was under way. It aimed to streamline and modernize aspects of public administration, including how public servants were being managed. I saw in it the potential for better results from government programs and enhanced accountability to Parliament. Because a well-performing public service is vital to good government, I considered the reforms essential. I made fostering needed change in the public service a priority for my Office. In mid-decade, PS 2000 was subsumed by broader government reforms. Later, in connection with efforts to modernize service delivery and strengthen the policy capacity of the public service, a new human resource management initiative, La Relève, was begun.

As part of our ongoing efforts to nurture performance improvement, the Office undertook this study, *Public Service Management Reform: Progress, Setbacks and Challenges*. It provides a broad assessment of progress under the main themes and objectives of public service management reforms during the 1990s, our perspective on the challenges the government faces in moving forward, and our views on prerequisites for success. I hope its messages will be carefully considered by those who lead current and future management reform efforts and by those who are in a position to facilitate or encourage needed change.

In carrying out this study we commissioned several reports. We asked John Edwards, the former Manager of PS 2000, to examine what had been achieved by that initiative. And we asked professor Peter Aucoin, a noted Canadian expert in political science and public administration, and Ian D. Clark, Secretary of the Treasury Board and Comptroller General of Canada during the PS 2000 years, to provide their own perspectives on reforms. Together with work done by this Office on La Relève, their papers served as a basis for discussion among a number of current and former senior public service officials and other knowledgeable individuals at a symposium organized by the Office in September 2000. That input was instrumental in the development of the views reflected in our study. We believe the perspectives offered by Messrs. Edwards, Aucoin and Clark will be of wide interest, and we have included them in this publication.

I would like to take this opportunity, on my own behalf and that of John W. Holmes, the Principal in our Office who was responsible for this study, to thank all those who contributed to our work. Particular thanks are due to Messrs. Edwards, Aucoin and Clark, who provided valuable advice and assistance with this publication

L. Denis Desautels, FCA
Auditor General of Canada

About this Publication

The first paper is the title paper: *Public Service Management Reform: Progress, Setbacks and Challenges*, John Holmes, Principal, Office of the Auditor General of Canada.

Following it are the papers prepared for our Office:

- *Looking Back From 2000 at Public Service 2000*, John Edwards, former Manager of Public Service 2000.
- *Comparative Perspectives on Canadian Public Service Reform in the 1990s*, Peter Aucoin, Professor, Dalhousie University.
- *Distant Reflections on Federal Public Service Reform in the 1990s*, Ian D. Clark, President, Council of Ontario Universities (former Secretary of the Treasury Board and Comptroller General of Canada).

Public Service Management Reform: Progress, Setbacks and Challenges

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Introduction

At the outset of the 1990s, the government undertook a major management reform — Public Service 2000 (PS 2000). Public service executives were considerably frustrated at the centrally prescribed administrative regime — overly complex, costly, time-consuming, and inflexible. And top officials believed that the fiscal pressures on public service budgets throughout the 1980s would continue, demanding that managers keep doing more with less. To meet these challenges, PS 2000 set out to significantly streamline systems and processes and modernize management practices, including those that governed how public service employees were managed.

The aim was higher than simply reducing managers' frustration and making the public service more efficient and productive. A government White Paper[1] acknowledged the public service's rapidly changing circumstances and its long-overdue need to modernize. It saw the need to move the public service orientation away from process and risk aversion to a focus on more innovation, service quality, and results — to an organization with authority more decentralized and greater emphasis on using and nurturing the skills and potential of its work force. With authority better matched to responsibility, and more flexibility to manage in departments and agencies, improved results and clearer accountability could be expected.

In Reports of the Auditor General to Parliament and in a variety of forums, this Office strongly supported the direction of change proposed by PS 2000. We had advocated changes in the way public servants were managed, and other reforms to improve performance. The stated objectives and principles of this initiative were generally consistent with our views on good management practices. We saw in the reforms the potential for better results from government programs and enhanced accountability to Parliament. Indeed, we contended that a well-performing public service was essential to the well-being of the nation, making it imperative that the reforms succeed.

PS 2000: Introducing a new management philosophy

Ten task forces led by deputy ministers began PS 2000: seven of them focussed on human resource management systems and practices; two examined various other administrative matters; and one studied service to the public (see Exhibit 1). Over 300 task force recommendations led to a White Paper in December 1990 that set out the changes planned — changes in systems, legislation, management culture, and leadership style. The Clerk of the Privy

Exhibit 1

PS 2000 Task Forces

Classification and Occupational Group Structures
Compensation and Benefits
Management Category
Staff Relations
Staffing
Training and Development
Work Force Adaptiveness
Administrative Policy and Common Service Agencies
Resource Management and Budget Controls
Service to the Public

Source: *Public Service 2000: The Renewal of the Public Service of Canada*, December 1990.

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Council said the initiative would involve "10 percent legislative change, 20 percent change in systems, and 70 percent change in attitudes and practices." [2]

The PS 2000 White Paper set out a new management philosophy, with precepts grouped under innovation, service to the public, people, and accountability (the precepts are listed in the Appendix to this report).

The White Paper portrayed improved service to Canada and Canadians as the central theme of PS 2000. It argued that money saved by simplifying resource management and administration could be spent to improve service delivery. Improved service would also feature new ways of interacting with Canadians — more effective consultation with stakeholders, for example, and partnering with other levels of government and other sectors of society. Since most services are provided in the regions, and most public servants work there, the greater authority that would flow to departments was to be delegated "wherever possible" to the regions — and to the management levels closest to the front lines.

Decentralization and increased delegation of authority would strike a new balance between the need for control and the desire to provide responsive, efficient and effective service. This would require the much more systematic management and development of public servants, with a greater emphasis on individual, or personal, accountability. Deputy ministers and public service managers and supervisors would be more clearly accountable for the way they used their authority and the way they managed and developed their staff, and for the results they produced.

The key to achieving the kind of public service that PS 2000 envisioned would be not just different practices but a fundamental change in attitudes about managing employees. The belief was that empowered public servants could better serve Canada and Canadians. The intent, as the Prime Minister said in announcing the initiative, was to foster a public service that "recognizes its employees as assets to be valued and developed."[3] The public service was to adopt a culture of continuous learning, with greater emphasis on both the training and development of public servants and their career planning and mobility. The reform proposals recognized the key role of employees in meeting the organization's objectives; a more vibrant and creative workplace could attract and keep the best-qualified people who were in growing demand by other employers.

The fundamental changes envisioned for the corporate culture called for a long-term process of reform (the name — PS 2000 — recognized that it would likely take 10 years). And it would be a dynamic process: the White Paper recognized some of the challenges of aspects of the reforms (for example, developing a culture of continuous learning) but did not offer much guidance on them; lessons learned by experience and the change of mindsets were expected to generate added reforms.

La Relève: A human resource management initiative

The federal government faced difficult choices during the 1990s as it grappled with serious fiscal problems. Canada's fiscal position continued to erode until the 1995 federal Budget, a watershed. Leading up to that Budget, the government had undertaken a major review of its roles and

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[2] *Revitalization and Renewal*, a speech to the Association of Professional Executives of the Public Service of Canada, Paul M. Tellier, January 1990.

[3] Cited in *Public Service 2000: The Renewal of the Public Service of Canada*, December 1990.

responsibilities. The initiative that came to be known as Getting Government Right — with its Program Review in particular — eliminated or fundamentally altered many federal programs and services, and led to a public service downsizing from 1995 to 1998–99 that dwarfed anything preceding it. These events created considerable stress in the public service.

In the aftermath of Program Review, a number of task forces headed by deputy ministers were struck to examine issues that would shape the management agenda for the next several years. Corporate priorities were to strengthen the public service's policy capacity and modernize its service delivery. These improvements, however, would depend in large measure on the presence of a highly skilled and productive work force, while the public service was facing a potential leadership crisis (see Exhibit 2) and a growing malaise among staff. This sparked the La Relève initiative. With top priority on leadership concerns, it sought, much as PS 2000 had, to "create a workplace where people are valued, recognized, given opportunities for self-development, and treated in accordance with the core values of the public service."[4]

The situation was seen to require a "bias in favour of action." There was to be no master plan. Each department was to act according to its "own human resource situation, its people, the strengths and weaknesses of its organization, its needs for the future and how it [could] best meet those needs."[5] Notably, La Relève did not seek legislative or structural change, instead focussing on what could be done within the existing framework. The "overarching goals" of La Relève were to:

- modernize human resource management, addressing in particular the "challenge of changing our leadership culture so that public service leaders internalize human resource management as a management function";
- address the demographic challenge;
- foster a public service committed to serving Canadians and their elected representatives;

Exhibit 2

Concerns About Leadership Capacity

- Seventy percent of executives would be eligible to retire by [2008], and the traditional "feeder groups" had similar age profiles.
- With senior staff and others with certain competencies, retention problems were arising from the prolonged salary freeze, years of downsizing, and lack of upward mobility, together with increased competition from private sector employers.
- Staff were receiving inadequate development at a time when current and impending losses of highly skilled leaders and other professionals, as well as new service delivery approaches and the increasing complexity of policy work, demanded greater breadth of experience.

Source: La Relève Overview, 1997.

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[4] La Relève: A Commitment to Action, October 1997.

[5] *La Relève: Our Greatest Challenge*, notes for an address by the Clerk of the Privy Council and Secretary to the Cabinet, November 1996.

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- build a workplace environment where employees are enabled to perform to the best of their abilities;
- support learning and development; and
- develop leaders who inspire employees at all levels to do their best.

Focus and Scope of This Study

PS 2000 and La Relève were not the only significant efforts at public service reform in the 1990s. Parallel initiatives sought to achieve greater effectiveness, efficiency, and economy in the administration of public affairs, and to strengthen accountability to Parliament. Our study, however, examined only PS 2000 and La Relève, and efforts to build on them. Our purpose was to provide a broad assessment of progress under the main themes and objectives of the two initiatives, a perspective on the challenges the government and public service leaders now face in moving forward with needed changes, and our views on prerequisites for their success. The Office has carried out other studies and audits that looked in more depth at particular aspects of various reforms such as public service downsizing, service quality, performance measurement, and information for Parliament, some of which we refer to here.

This report makes several references to management practices and reforms in other jurisdictions. We made no attempt to assess them, and in referring to them intend no comment on the relative performance of those jurisdictions.

Results of Management Reform Efforts Over the Decade

Our assessment of efforts at public service reform over the last decade found progress in a number of respects. At the same time, we have serious concerns about the lack of attention given to certain aspects of the management framework proposed by PS 2000. Moreover, the little progress made in reforming human resource management has been a major disappointment.

Some Progress Has Been Made

Many PS 2000 recommendations have been carried out

Several measures were introduced to give managers more flexibility in allocating their budgets. Central controls in some areas were streamlined (departments had made more than 10,000 submissions to Treasury Board in 1990, down to about 1,300 in 1999). Departments were given more authority for procurement, and some central services they had been required to use (for example, the Translation Bureau) became optional. Common service agencies have changed their orientation from controlling to providing services to departments. Managers generally do not want to see any specific measures of PS 2000 rolled back. This suggests that the recommendations were sound overall.

Some improvement in service to the public but much room for more

Encouraging results include a greater emphasis on service to the public. For example, several services now offer "one-stop shopping," some together with provincial services, and consulting clients through surveys and other means is now more widespread. However, while our April 2000 audit of service quality found that some services had improved and some action been taken on all our 1996 audit recommendations, progress has been uneven and none of our recommendations implemented fully (Auditor General's 2000 Report, Chapter 1, paragraphs 1.134 and 1.141).

Broad acceptance that more focus on results is important, but slow progress in using information on results

Efforts to move the public service orientation away from process to focus more on results go back to at least the mid-1980s. PS 2000 and later initiatives have reinforced those efforts; a central element of the government's current management framework and agenda is a focus on results.[6] It took much of the 1990s and a concerted effort by the government to achieve wide acceptance that managing for results is a key principle of managing in government. This is an important achievement. Perhaps because acceptance was slow, however, our recent audits[7] found disappointing progress over the last several years in actually measuring results, using the information to improve programs and services, and reporting it to Parliament. Significant effort is still needed before information on results is used routinely in government.

More focus on the policy function, but strengthening policy capacity needs more work

Program Review and other pressures and changes bearing on the public service since the early 1990s have raised the profile of its policy development function. But the period also saw a substantial loss of skilled people and corporate memory. A 1996 study found that the quality of staff engaged in policy work was still good, but shortages of some key skills and risks of shortages in the longer term were a concern. The senior-level retirements anticipated over the next few years will represent a significant loss. Whereas PS 2000 saw the need to maintain the policy capacity of the public service, top officials today put much more emphasis on the need to strengthen it — more emphasis on building policy research networks that extend across government organizations and beyond, to the policy research community outside government. As one expert in public management has said, "This approach has reinforced the ideal of research as a core function of public management . . . ."[8] However, more is needed to better integrate policy work among departments and to strengthen research capacity. A 1996 deputy minister task force on horizontal policy issues highlighted the need for a fundamental change in the public service culture, processes, and systems, to ensure that policy work is focussed on the broader public interest and not just the interests of a department's immediate clients and stakeholders.

Continuing Concerns About Aspects of the Management Framework

Establishing an appropriate control framework in departments

One major thrust of PS 2000 was to break away from a culture bound to rules and process and develop one that was far more creative and less averse to taking risks. Today's environment of rapid change, competition, and emphasis on results puts a premium on the ability and willingness of public servants to take calculated risks and to innovate — to not just keep up with change but lead it and influence its direction, and to seize the opportunities that change presents. However, innovation must be balanced with prudence in the use of taxpayers' funds and a framework of appropriate controls. As we highlighted in our 1992 study on change and control in the federal government (1992 Report, Chapter 4), control is an integral part of achieving results.

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[6] *Results for Canadians: A Management Framework for the Government of Canada*, March 2000.

[7] Report of the Auditor General of Canada, Chapters 19 and 20, December 2000.

[8] *Comparative Perspectives on Canadian Public Service Reform in the 1990s*, Peter Aucoin, September 2000.

Our work has found significant problems in control. The downsizing of the 1990s, for example, left control functions like internal audit and program evaluation weakened. Our recent audits of grant and contribution programs (2000 Report, Chapter 11; 1999 Report, Chapter 17) noted other aspects of the problem. They found that one of the biggest difficulties in balancing efficiency, flexibility and control is the exercise of judgment asked of public servants, judgment to assess risk and determine how it should be managed. Suitable controls and minimum standards to observe need to be known and understood by staff. This Office recently emphasized the need to specify and communicate throughout the public service a clear set of ground rules within which discretion can be exercised,[9] such as those suggested by our 1992 study (see Exhibit 3). This would help to minimize unwanted risks without hampering innovation unnecessarily.

Striking the right balance between centralization and decentralization

To move toward a more empowered and innovative public service, the array of central agency controls in the early 1990s had to be reduced. Central agency staff had to change their long-time orientation toward control (often extending to micro-management of activities in departments) to focus more on strategy and service. Detailed rules and procedures needed to be replaced with more general guidelines, leaving room for departmental officials to use their discretion; central agencies could provide a framework of standards for good management and advice on best

Exhibit 3

Some Fundamental Rules for the Public Service

- **Do nothing illegal. Uphold the spirit and letter of laws and regulations.**
- **Act within your delegated authority.**
- **Act in a politically neutral manner.**
- **Act impartially, honestly, and fairly.**
- **Don't waste public money.**
- **Safeguard assets.**
- **Respect the core values of your organization.**
- **Make service standards visible.**
- **Realize the productive potential of all resources entrusted, especially people.**
- **Don't make decisions that commit significant public resources without proper authority.**
- **Document risk acceptance.**
- **Account for the discharge of responsibilities and achievement of agreed performance.**
- **Get authority for waiving a fundamental rule.**

Source: Report of the Auditor General of Canada, Chapter 4, 1992.

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[9] Report of the Auditor General of Canada, Matters of Special Importance, December 2000.

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practices, relying less on detailed reporting by departments and their own audits of departmental activity and more on departmental self-assessments of performance.

This Office has supported the intent of those reforms. To cope with rapid change and the need for flexibility, public servants in departments and in the regions who deliver most government services need commensurate authority. Departments and many agencies are large enough that they should have the necessary knowledge, skills, and systems to properly manage a wide variety of activities within a broad central framework of essential controls. Central agencies, while generally leaving to departments the responsibility for managing their programs and activities, must maintain an overview of departmental performance and key departmental controls, and ensure effective accountability. They may have to provide for more leadership, monitoring or support for high-risk areas like information technology, for certain government-wide projects, or to small organizations.

There are legitimate reasons for caution, however, in decentralizing authority, and certain conditions that must be assured. For example:

- departments must be equipped to accept new responsibilities;
- delegation to departments must be matched by appropriate delegation within departments;
- accountability mechanisms must be adequate to ensure that decentralization does not lead to abuse or other problems; and
- central agencies must be able to exert control, where necessary, to ensure that government objectives and priorities are achieved.

Our audit of grant and contribution programs (2000 Report, Chapter 11) showed the problems that can arise when such basic conditions have not been established. Among the problems, the department involved did not have appropriate accountability mechanisms and controls, and the Treasury Board Secretariat did not have information on the management of the programs that would have permitted timely intervention.[10]

In March 2000, the government issued *Results for Canadians: A Management Framework for the Government of Canada*. It sets out the government's objective: continuing to move toward a management regime based on leadership and values, well-defined standards, and sound risk management — with the right systems in place at all times to ensure effective control. The Treasury Board Secretariat committed to engage in "active monitoring" of departments to "maintain an ongoing awareness of the effectiveness of [their] control systems" and would "be prepared to intervene . . . if deficiencies are encountered." The Treasury Board's development of this management framework is encouraging, but much work remains before it is fully in place, and some Treasury Board Secretariat officials are concerned that the Secretariat may not have the necessary skills and resources to fulfil the role envisioned for it. These concerns must be addressed, and the Secretariat's capacity to effectively monitor departmental controls and performance must be assured. A rule-bound bureaucracy must still be avoided. But the Secretariat needs to increase its monitoring efforts significantly to ensure that departments are delivering programs with economy, efficiency, and effectiveness if an appropriate balance is to be restored between central control and departmental autonomy.

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[10] The department has corrective action planned and being implemented to address the deficiencies identified in the audit.

Enhancing the exercise of accountability for performance and results

A key principle of the PS 2000 management philosophy was the need to strengthen the accountability of deputy ministers and public service managers for performance and results. Authority was to be delegated to and in departments; in exchange, deputies and managers would be held more clearly to account for the way they used it (for example, in managing their staff) and for the results they achieved. The White Paper set out measures that were needed in the public service to overcome serious weaknesses in performance management, emphasizing that many of the measures "already exist to one degree or another." The problem as described in the White Paper was that "they are being applied indifferently in the current environment." Accordingly, these measures were to be given new importance in an effort to bring about "significant change in the management philosophy of the public service."

Our work suggests that efforts over the decade to improve the exercise of accountability of deputy ministers and managers have not, overall, had very impressive results. And before there are satisfactory accountability practices across the public service, it still needs to make significant advances.

The PS 2000 White Paper acknowledged that "effective accountability for the public service as a whole . . . very largely depends on effective accountability for deputy ministers." In the early 1990s the Treasury Board Secretariat, with the support of the Clerk of the Privy Council, made an effort to better assess the performance of departments in addressing their key management issues. Those assessments would provide more meaningful input to the review of deputy ministers' performance. However, by 1998, new performance management programs for both deputy ministers and executives were seen as necessary. In its December 2000 report, the Advisory Committee on Senior Level Retention and Compensation (the Strong Committee) described these as "a critical factor in the drive to become more results oriented."[11]

New programs have been developed and are currently being effected. They involve a new "pay-at-risk" approach, and improved criteria for assessing performance (Exhibit 4 lists some of the key criteria for deputy ministers, related to leadership and management of their departments). In a small sample of programs our Office has examined, indications are that at this early stage, they are helping to focus attention on results. Whether they will substantially improve performance assessment and the holding of deputy ministers and managers more explicitly to account remains to be seen.

Effective accountability is the quid pro quo for more decentralized and delegated authority, and a central means of control in the PS 2000 management philosophy. Weaknesses in accountability mechanisms stand in the way of promoting continuous improvement in performance and developing a learning culture. Beyond this, clear and effective accountability is important to ensuring equity and fairness in serving clients and managing staff. And strengthening accountability is essential to the success of some other management reforms (reform of staffing, for example, which requires that detailed rules and processes be reduced or eliminated and that managers be more accountable for adhering to key values).

If the public service is to continue moving toward an administrative regime based more on shared values and less on rules, there must be an individual and collective will to act when deputy

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[11] *Advisory Committee on Senior Level Retention and Compensation, Third Report,* December 2000.

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Exhibit 4

Some Key Performance Assessment Criteria for Deputy Ministers Related to Excellence in Leadership and Management of the Department

- Annual and longer-term corporate-wide priorities are effectively communicated, implemented and exemplified in the department.
- Sound public service values and ethics are communicated, exemplified and nourished in leadership actions and decisions.
- Sound accountability, organization, administration, and performance measurement frameworks are in place within the department to meet the plans and strategies of the government.
- Human resource management plans and strategies are developed and implemented to ensure a sustainable work force and current and future resource capacity of the organization.
- A commitment to effective development, mentoring and teaching, and performance management of executive leadership in the department is demonstrated.
- A sound departmental risk management framework exists, risks have been thoroughly assessed and actions have been taken to mitigate these risks.
- Program integrity is demonstrated through internal and external reviews and audits and action plans are in place to address improvements.
- Regular assessments of the organization's health are conducted and actions are taken to address improvements.

Source: Privy Council Office, Ongoing Commitments for Deputy Ministers, March 2000.

ministers, managers or staff do not behave appropriately and to reward those who do. The new performance management systems must overcome the indifferent application cited in the PS 2000 White Paper. Key to this will be making the new assessment criteria stick in the performance reviews of deputy ministers and other senior executives.

Human Resource Management: A Major Weakness

Another real disappointment of management reforms in the 1990s was the failure to make a breakthrough in human resource management. The poor results are ironic, given that it was the focus of so much of the work of PS 2000 — more ironic still, when the added efforts of La Relève are considered. The consequences of this decade of failure are serious. They come after many earlier efforts that disappointed, at a time when retaining and attracting staff is not just more challenging but crucial to averting a leadership crisis.

Some legislative and systemic changes, but limited impact

The basic legislative framework for managing people in government departments and many other agencies was enacted in 1967, and remained essentially unchanged until the *Public Service Reform Act* of 1992. Among other reforms, that Act provided a legislative basis for changes then planned for the occupational structures used in job classification and collective bargaining, and made possible certain flexibilities in employee staffing. Deputy ministers were given authority to deploy (laterally transfer) departmental staff, though this still requires an employee's consent and is subject to limited recourse by others. That provision merely provided a legal basis for a previous practice that had been struck down by the Federal Court as not permissible under the

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Public Service Employment Act. The legislative changes were modest overall and, while useful, have had only limited effect.

Despite considerable efforts and encouraging progress, one of the most important systemic reforms proposed by PS 2000 — a modernized and simplified job classification system — has yet to be achieved. A new system has been 10 years in development, and critical work must still be done to put it into effect.[12]

Modernizing and simplifying the staffing system was another top priority of PS 2000. But the reforms of the 1990s, and indeed the last several decades, had only marginal effect. The jurisprudence built up around staffing appeals over 30 years has made the staffing system more difficult to administer, and it is a major hurdle to a simpler and more efficient system (as amplified in our April 2000 Report).[13] Another sizeable factor in the limited results of reform efforts has been the significant difference between the ways that management and the major unions view the staffing process. The unions, for example, have long argued for giving seniority more significance in staffing, and have resisted changes like deployment that gave managers more discretion and employees less access to recourse. The system remains costly, time-consuming and overly complex. It is still a source of major frustration for both managers and employees (the 1999 public service employee survey showed that many public servants believe the process of selecting a person for a position in their work units is unfair). The need for more fundamental change — recommended by studies dating back several decades — is clear.

Divided responsibility was not addressed

PS 2000 aimed to resolve problems that stemmed from splitting between Treasury Board and the Public Service Commission the corporate responsibility for human resource management. That aim was not achieved.

The announcement of PS 2000 by the Prime Minister indicated that the government's employment and personnel management regime would be streamlined, with the roles of central agencies clarified and simplified. As the Clerk of the Privy Council said in early 1990, "Our first objective is to clarify accountability, especially in relation to personnel management.... For the Public Service Commission, it will mean getting out of the management business and focussing on its role as Parliament's agent in protecting the integrity of the personnel system."[14] This is a long-standing issue, raised at least as far back as the early 1960s by the Royal Commission on Government Organization (the Glassco Commission), and by studies in the late 1970s like the Royal Commission on Financial Management and Accountability (the Lambert Commission) and the Special Committee on Personnel Management and the Merit Principle (the D'Avignon Committee). However, references to this PS 2000 objective soon disappeared when it proved impossible for the public service leadership to reach a consensus on action.

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[12] Report of the Auditor General of Canada, Development of a Universal Classification Standard: A Follow-up, Chapter 22, December 2000.

[13] Report of the Auditor General of Canada, Streamlining the Human Resource Management Regime: A Study of Changing Roles and Responsibilities, Chapter 9 (paragraphs 9.99 – 9.102), April 2000.

[14] Cited in *Looking Back From 2000 At Public Service 2000*, John Edwards, July 2000.

La Relève did not seek structural or mandate changes to clarify accountability for human resource management. Instead, through her leadership, the Clerk sought (as others had before her) to bring more coherence to the efforts of central agencies.

The new human resource management philosophy: still more study than achievement

Fundamental to PS 2000 was the desire stated by the government and the public service leadership to create a climate that would encourage talented young people to join the public service. Under the PS 2000 management philosophy, "The members of the public service will be treated as its most important resource." This would mean a renewed emphasis on public service values and ethics, and public servants would be managed with respect for their professional and family responsibilities. PS 2000 envisaged the need to rely more on individual initiative, and to invest more in training and developing people at all levels if they were to function effectively in a much less regulated and more dynamic environment. Career planning and development were to become prominent features of human resource management in departments. People-management skills and other training and development needs of middle-level and senior managers were to receive particular emphasis. This new approach to careers in the public service would call for significant changes since, as the White Paper put it, "system-wide career planning and training and development are two failures in the current personnel system."

La Relève had one of the same basic objectives as PS 2000 — changing the management culture of the public service to create a more attractive and effective workplace. However, La Relève came on the heels of constraints and cutbacks with major implications for the public service and for individual public servants, and amid significant work force and labour market pressures beyond those apparent at the outset of the 1990s (see Exhibit 5). It recognized that leadership, commitment and sustained effort at updating the public service's approach to managing human resources had long been lacking, and marked improvement was essential. Workplace health and the need to develop a learning culture were key challenges. La Relève sought to develop a comprehensive strategy for recruitment and retention and to align and improve corporate development plans to create a continuum for leadership development. Also,

Exhibit 5

Some Significant Work Force and Labour Market Pressures

- Years of downsizing, ongoing change, and other factors led to a widespread malaise in the public service in the mid-1990s; public servants continue to feel stressed and stretched, and workload is a major issue.
- The potential rate of retirements of public service executives during this decade, and of those in the "feeder groups" from which replacements are usually drawn, suggests that the public service faces a potential leadership crisis.
- Youth are significantly under-represented in the current public service, with the percentage under 35 years of age being about half that in the Canadian work force.
- The extent of change in the occupational profile of the public service is now more apparent, with "white collar" or "knowledge workers" being about 55 percent of the total (up from about one third 15 years ago). This trend is expected to continue.
- The challenge of competing with private sector employers for skilled people has grown and, given the demographics of the Canadian work force, this challenge can be expected to increase.

Source: Report of the Auditor General of Canada, Chapter 9, April 2000.

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Source: Report of the Auditor General of Canada, Chapter 9, April 2000.

through the work of the Task Force on La Relève, and later The Leadership Network (created in 1998), it worked to strengthen two-way communication across the public service and foster renewal efforts in departments, in the regions, and in functional communities.

The last several years have seen important progress toward one of La Relève's key objectives — to strengthen corporate management of the careers of senior executives (assistant deputy ministers). More emphasis is given to involving ADMs in examining corporate management issues and recommending action. And as part of broader reforms, their performance management regime has seen changes. The Leadership Network, operating under the functional direction of the Committee of Senior Officials (COSO), has assumed certain responsibilities from the Public Service Commission and is now responsible for the collective management of assistant deputy ministers. There are new processes for managing their selection, and added emphasis on career counselling and advisory services for entry into the ADM ranks, assignments, personal and career development strategies, and learning and promotional opportunities. How effective these efforts are is not yet clear.

Although there is evidence beyond this of some improvement in training and development over the decade, our study suggests that it is uneven. Some managers have strongly negative views on the current state of training. A strong culture of management responsibility for helping individuals with career planning still does not exist, and many officials think the investment in learning is still too low. More than 40 percent of those who responded to the 1999 survey of employees said their supervisors or their departments were not giving them the help they needed with career development.

The White Paper noted that traditionally, training and development had been "the first to be cut in rounds of austerity, the last to be taken seriously as a principal means of advancement in the Service." This proved to be the case in the mid-1990s. The report of a task force of top public service officials who recently examined training and development acknowledges the need for a stronger focus on them. This would include more financial support and more support from managers for allocating the necessary time — for example, a specific number of days per employee for career development. Time for employee development needs to be built into work programs, and managers' performance agreements need to reflect their expected contribution to developing subordinates.

The difficult decade of the 1990s has left a public service work force that is stressed and grappling with workplace concerns. Half of the respondents to the 1999 employee survey said the quality of their work suffered because they had to do the same work or more work with fewer resources, and 49 percent saw their workload as unreasonable. A deputy minister task force on workplace well-being recently identified workload as the number one concern, particularly at the executive level. Addressing workload is considered a prerequisite to other improvements in the workplace.

Overall, and despite PS 2000 and La Relève, the situation in the public service has worsened — the challenges of human resource management have grown. The current agenda for reform, which builds on La Relève, illustrates this. In addition to the ongoing work of reforming job classification and staffing, the agenda includes re-thinking labour-management relations, widely seen as having seriously deteriorated through most of the 1990s; and responding to public servants' concerns about values and ethics — concerns about tensions between traditional values and emerging directions, the public service as a career, and leadership in the public service, among others. Further, deputy minister task forces were struck in the fall of 1999 to "draw up plans" for ensuring progress on the three key issues La Relève had already sought to address: recruitment, workplace well-being, and learning and development. The task force reports reflect the magnitude of the task. One states, "There is a need to bring focus to the government's overall management agenda in order to channel energy, reduce the risk of agenda overload and ensure success."[15] Another cites the need to "examine how best to integrate the various modernization initiatives into an HR management regime that will meet the needs of the future."[16]

Detailed plans of action have yet to be developed. Central agency officials indicate that efforts are currently focussed on better articulating a vision of the shape and nature of a future public service to serve as a basis for developing a strategy from which action plans would flow.

Moving Forward

Addressing Weaknesses in Implementing Management Reforms

The 1990s proved a difficult decade for adopting a new management philosophy, primarily because of fiscal issues. Some of our study's participants suggest that in the circumstances, the progress made is notable. That may be so. However, our work over the last 10 years and lessons gleaned from reform efforts over the last several decades suggest a number of problems that contributed to the difficulties. If efforts at management reform are to be more successful in the years ahead, they will have to overcome these problems.

A lack of coherence between the management agenda and the government's broader policy and fiscal agendas

PS 2000 was essentially a bureaucratic rather than a political endeavour. This is in stark contrast to public service reforms in the United Kingdom, Australia and New Zealand, where political leaders had either taken the initiative or became fully engaged. In each of these jurisdictions, not coincidentally, the reforms have been more significant in certain respects, including human resource management. For example, the United Kingdom has used structural changes more than Canada has to generate changes in management culture (the creation of Next Step agencies, which employ about three out of four public servants, to carry out operational and service delivery functions). In Canada, legislative changes have been less sweeping than in Australia, which recently passed a new *Public Service Act*. And legislative changes in both Australia and New Zealand have made deputy minister equivalents more responsible for human resource management in their departments. In New Zealand, labour relations in the public service are no longer subject to legislative provisions that are wholly separate from those applied in the private sector. And since the early 1990s most aspects of employer responsibilities, including those in staffing and collective bargaining, have been assigned in law or delegated to the "chief executives" of government departments and agencies. Like these countries, the United States has seen the political leadership be more prominent in driving the public service reform program of the 1990s.

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[15] *A Public Service Learning Organization: Directions for the Future*, June 2000.

[16] *Workplace Well-being: The Challenge*, September 2000.

In our system of government, and the systems in these countries mentioned, management of the public service is shared by elected and appointed officials. In Canada, ministers, with advice from appointed officials and within a framework of laws approved by Parliament, are collectively responsible for determining the policies and setting the general standards and broad parameters for most aspects of public service management. Individually, ministers also have statutory authority for the administration of their departments. And yet in many respects, management is left to deputy ministers — individually and collectively — and their management teams. Indeed, because ours is designed to be a non-partisan public service, certain matters like public service staffing are the exclusive domain of appointed officials.

PS 2000 proposed major changes in the management culture of the public service. As the White Paper stated, "The renewal of the Public Service will not be achieved simply through legislative and administrative action to set in place new mandates, structures and processes. It requires fundamental changes in attitudes by public servants, by ministers, by parliamentarians and ultimately by the public." Reforms of such significance are unlikely to succeed in the absence of prominent, unequivocal and ongoing political support.

There was some ministerial support for PS 2000, as evidenced by the Prime Minister's endorsement at the outset; the issuance of the PS 2000 White Paper; and the passage, with the backing of the President of the Treasury Board, of the *Public Service Reform Act*. Nonetheless, as we noted in our 1993 study of reforms,[17] a number of senior officials questioned whether there was much interest or active support at the political level for PS 2000 or some of its key aims, such as empowerment and reasonable risk-taking.

In our political culture, public service management and related reforms tend, when they do attract political interest, to be viewed in partisan terms; often there is little political advantage apparent in supporting such reforms. Indeed, no matter how necessary to economy, efficiency or even effectiveness, public service reforms face a difficult hurdle in gaining real political support where they also may increase the risks of political embarrassment to the government.[18]

The lack of political priority attached to public service reform in the Canadian public service helps explain the limited success of PS 2000. The management agenda reflected in PS 2000 was not fully integrated with the government's budgetary agenda and its broad policy agenda. The man who was Secretary of the Treasury Board and Comptroller General of Canada during the PS 2000 years observes:

> . . . that in the first half of the 1990s in Ottawa the management agenda was not driven from the political level and that the three agendas were imperfectly aligned. One obvious manifestation of the lack of alignment is that the ordering of the major initiatives was backwards. Administrative reform preceded government restructuring, which preceded

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[17] Report of the Auditor General of Canada, Canada's Public Service Reform, and Lessons Learned from Selected Jurisdictions, Chapter 6, 1993.

[18] In contrast to the other Westminster nations mentioned here, one expert commentator argues that a principal reason why Canadian ministers were not more engaged in the reforms is that they did not view the bureaucracy as a major obstacle to advancing the government's policy objectives. See *Comparative Perspectives on Canadian Public Service Reform in the 1990s*, Peter Aucoin, September 2000.

> program review. In an ideal world, a government would decide *what programs* it wanted to deliver, then *which institutions* should be responsible for the delivery, and then *what management regime* was best suited to delivering the programs.[19]

The experience of PS 2000 clearly demonstrates the difficulties in a misalignment of the management, policy, and fiscal agendas. In December 1990, the same month the PS 2000 White Paper was issued, and again in the February 1991 Budget the government introduced constraints on public service salaries and other costs. These measures were, in themselves, damaging to PS 2000. But their impact went deeper — many public service leaders had not foreseen the need for further major cuts to budgets, and had stressed, over and over again throughout 1990, that PS 2000 was not about cutbacks. Indeed, the intent had been that as departments made savings through streamlining, they would be able to invest them in service to the public, staff training, and other PS 2000 priorities.

One provision of the 1991 Budget meant that any wage increase coming out of collective bargaining would have to be funded by reducing public service employment correspondingly. The Budget also indicated that where it could not achieve its goals through collective bargaining with public service unions, the government would use legislation. This not only angered unions but also was widely seen by public servants as unfair. The dissonance between these events and the basic messages of PS 2000 sucked energy and credibility from the initiative and engendered cynicism about the government's commitment to the reforms PS 2000 proposed. A major public service strike ensued, affecting over 100,000 public servants.

In the immediate aftermath of the strike, which was ended by back-to-work legislation that also imposed a wage and salary freeze lasting several years, employee scepticism and cynicism about renewal turned to anger, and PS 2000 was widely seen as dead. Then, in June 1993, the government announced a major restructuring that cut the number of government departments by a quarter (from 32 to 23) and led to staff reductions, notably among senior officials and employees in so-called overhead functions and in regional offices. This became another major impediment to reform. PS 2000 was soon subsumed by broader "government renewal" initiatives, including Program Review.

A lack of effective accountability for management reform

In both PS 2000 and La Relève, the process for managing change ran up against major obstacles. Introducing such reforms in an institution as large and diverse as the public service is a daunting prospect — the management structures involved are so complex and responsibility so diffused.

Responsibility for advising ministers on management policies and their application is generally that of the Secretary of the Treasury Board and Comptroller General — the senior official responsible to the government's management board, the Treasury Board. However, deputy ministers are responsible for most aspects of departmental management, within the framework of law and centrally prescribed policies and under the general direction of their minister. The Clerk of the Privy Council and Secretary to the Cabinet (the Clerk) is responsible for ensuring the satisfactory performance of the public service. Accordingly, the Clerk provides strategic direction to deputy ministers and advises the Prime Minister on their performance. Several ad hoc and standing committees of deputy ministers also play a role in management. Some of the committees, as well as the Public Service Commission, the Canadian Centre for Management Development, and The Leadership Network, are involved solely in matters of human resource management. The Commission, for example, has statutory authority for staffing — that is, recruitment to and promotion within the public service — though it delegates much of that authority to deputy ministers.

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[19] In his view, PS 2000 advanced an appropriate management agenda for the times, but understandably garnered a low level of political interest because of its lack of alignment with the government's fiscal and policy agendas. See *Distant Reflections on Federal Public Service Reform in the 1990s*, Ian Clark, September 2000.

PS 2000 depended heavily on the personal and visible leadership of the Clerk of the Privy Council. However, for real progress in changing the attitudes and practices in departments, much of the responsibility was the deputy ministers'. By 1992, the Clerk's involvement in PS 2000 had waned, largely due to other priorities (such as constitutional change and fiscal problems). While some departments continued making progress, in others reform efforts stalled.

In our 1993 study of public service reform[20] we reported the following:

- Progress seemed contingent on having a deputy minister with the right temperament and values — that is, "some deputy ministers are either not sympathetic to, or not adept at coping with, some of the ideas associated with PS 2000."
- There were no apparent sanctions imposed on departments or senior managers who failed to adhere to the principles of PS 2000.

This pointed to a need for more effective, ongoing means of holding deputy ministers to account for improving the way their work force was managed.

Several years later, a new Clerk provided prominent leadership to the La Relève initiative. And the perception was that she considered departmental plans, submitted for review to a committee she chaired, as commitments by deputy ministers for which each would be accountable. However, the nature of La Relève's objectives — such as "changing our leadership culture so that public service leaders internalize human resources management as a management function" — and the time required to make visible progress toward them were among the difficulties faced in reporting and assessing performance. And, as discussed elsewhere, there were significant weaknesses in the accountability processes for assessing the human resource management and other aspects of deputies' performance.

Moreover, establishing clear performance expectations and fully assessing performance require good information. The limited specific information available on the work force and other issues of human resource management in particular departments hampered deputy ministers and also the Clerk. This is illustrated in the recent report of the Advisory Committee on Senior Level Retention and Compensation. It sees work force planning as "a critical requirement" that needs to improve significantly, requiring "a vast amount of data" on skills and competencies and a human resource information system to ensure that the information can be effectively collected and used.[21]

The problem of changing leadership

Another dimension of the change management problems has been high turnover among top officials. In the case of La Relève, not only was a new Clerk appointed scarcely two years after the initiative began (January 1999) but the composition of the deputy minister community changed drastically. Of the 28 deputy ministers who in October 1997 signed the key La Relève document, A Commitment to Action, only 16 remained by December 1999 and only 13 were still heading the same organization. Many of the central agency heads and other officials with key roles in human resource management had also moved on. In December 2000, only 11 of the 28 deputies remained, and only 5 were leading the same entity.

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[20] Report of the Auditor General of Canada, Chapter 6, 1993.

[21] *Advisory Committee on Senior Level Retention and Compensation, Third Report,* December 2000.

A great deal of energy is consumed in the "to and fro" that surrounds a change in leadership. The reforms of the 1990s suffered the effects of effort spent in repeated studies as new people moved into deputy minister positions and other key roles. Further, the new management philosophy and organizational culture sought in PS 2000 and La Relève required that attitudes and daily practices be fundamentally altered. This kind of change needs consistent direction and leadership behaviour over an extended period, and is far more difficult with frequent moves at the top.

And this is a problem that could worsen over the next few years, given the anticipated "retirement bulge" in the executive ranks of the public service.

Difficulty gaining employee buy-in

Despite significant efforts, neither PS 2000 nor La Relève succeeded in building the employee ownership that Canadian and international experience suggest is required for initiatives of this type. A La Relève publication[22] acknowledged that making the effort to engage in dialogue with staff and to seek input was "one of the key cornerstones in rebuilding the institution." Yet each initiative appears to have suffered, especially at the start, from the perception that it was aimed primarily at executives. Employees across the public service are still sceptical about renewal — about achievement of the cultural change they see as necessary; only 37 percent of respondents to the 1999 employee survey believed that senior management would try to resolve the concerns employees had raised.

Poor relations between government and the unions

Relations between the government and the unions have deteriorated significantly over the years, notably through the early and mid-1990s, and the unions have not been involved much in the reform efforts of the last two decades.

As the former Manager of PS 2000 has stated, not enough was done at the start of PS 2000 to seek the understanding and support of union leaders. However, the two major unions had very different goals from those of PS 2000, including the expansion of bargaining rights to include job classification and staffing. Management was "not really willing to make concessions of a magnitude that might have brought the major unions onside."[23]

The Secretary of the Treasury Board has commissioned the Advisory Committee on Labour Management Relations in the Federal Public Service (the Fryer Committee) to recommend ways of improving union-management relations. The Committee's first report notes a current willingness by management and the unions to work together but adds that serious mistrust must be overcome. The government's dual role as employer and legislator has led to frustration with the labour relations system. In the last decade, the government used legislation frequently when it was not satisfied with the results of bargaining: it imposed a wage freeze, suspended collective bargaining and arbitration rights, and forced employees back to work. This has hampered the ability of unions and management to jointly work out problems. The Advisory Committee, which will be recommending changes in a second report, has concluded that the current system is likely not sustainable.

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[22] *First Progress Report on La Relève: A Commitment to Action, Overview*, March 1998.

[23] *Looking Back From 2000 at Public Service 2000*, John Edwards, July 2000.

The need for regular assessments of progress

The reform efforts of a number of governments have shown that it is one thing to introduce measures and quite another to make them stick: inertia holds great sway in any organization. Progress toward clearly specified objectives must regularly and consistently be assessed, problems identified and addressed, and lessons learned communicated and applied in periodically adjusting or refining objectives and the means used to achieve them. Consideration should also be given to undertaking at appropriate times, on a government-wide or a departmental basis, a full evaluation of the impacts of reform and renewal efforts.

Those driving both PS 2000 and La Relève had limited information on the progress of reforms in departments. For example, only one La Relève progress report was produced, and that was in March 1998, relatively early in the process of renewal.[24] Further, it did not closely assess progress against the action plans of departments.

The 1999 public service employee survey — the first of its kind in the public service — and the government's commitment to repeat it represent a major advance. Surveys can provide vital information on the views and concerns of employees and data that allow for comparisons among departments and among units within them. Over time, they can indicate whether desired results are being achieved and course corrections are needed. It is desirable that the survey be repeated regularly and in a timely way.

It is encouraging that a recent COSO subcommittee on workplace well-being relied heavily, in developing its recommendations, on an analysis of the employee survey results — and that it supports a call for deputy ministers and heads of agencies to use mini-surveys to establish whether employees are being engaged in a dialogue on change. It also calls for departments and agencies to assess the effectiveness of their survey follow-up actions both at the work unit level and across the organization.

The lack of parliamentary review

Parliament has not played as large a role in public service reform over the last two decades as it once did. And in comparison with other jurisdictions, Australia and the United Kingdom in particular, its role has been limited.

Underpinning La Relève was the notion that human resource planning and management had to be integrated into departmental business plans. Those plans would be the basis for reports on plans and priorities, an important vehicle for keeping Parliament informed of the major human resource challenges in each department and its progress in addressing them. Unfortunately, few departments have followed through to report on human resource management in either their reports on plans and priorities or their departmental performance reports.

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[24] Central agency officials indicate that following the appointment of the present Clerk of the Privy Council in January 1999, he asked for a status report from each of the deputy ministers.

Since the passage of the *Public Service Reform Act* in 1992, the Clerk of the Privy Council, as Head of the Public Service, has been required by law to report to the Prime Minister each fiscal year "on the state of the public service." The Public Service Commission, as an agent of Parliament, is also required to report annually. These reports are tabled in Parliament. In the Fourth Annual Report to the Prime Minister (February 1997) and in a related appearance before the House of Commons Government Operations Committee, the Clerk emphasized the signs of malaise in the public service and the urgent need to address them through La Relève. The Committee's subsequent report, made in April 1997 with an election approaching, recommended that its successor committee in the next Parliament "review on a regular basis the progress made by the Government on its initiatives to revitalize the federal public service."

Since then, however, these matters have had little parliamentary review. At the end of 2000, only the Standing Senate Committee on National Finance had held hearings and issued a report[25] on retention and compensation issues in the public service.

Achieving a Breakthrough in Human Resource Management

Becoming an "employer of choice" is an even bigger challenge for the public service today than it was at the outset of the 1990s. A real breakthrough in human resource management is required.

In our view, if three major issues are addressed appropriately, a breakthrough can be achieved. These are:

- modernizing and simplifying an unduly complex and outdated framework;
- resolving concerns about fragmented governance of human resource management; and
- bolstering human resource management in departments.

Modernizing and simplifying an unduly complex and outdated framework

The constraints that the current legislative framework and administrative rules represent must be resolved. These constraints limit the ability of the public service to attract, develop and retain skilled staff and hence the efficiency and effectiveness of the organization. The staffing appeals system in particular — with about 30 years of court decisions that have narrowed the discretion of the Public Service Commission — has led to a rigid, slow, and cumbersome staffing process that many still see as unfair. At a time when government is grappling with the issues of the information age, when knowledge workers are predominant in the public service and in growing demand outside it, the need for a modern regime and approach for managing people is increasingly vital.

The recent report of the COSO subcommittee on workplace well-being acknowledges that more flexible and less prescriptive legislation may be needed, legislation that empowers management and employee representatives to resolve workplace issues through consultation and collective bargaining. Numerous studies over several decades have concluded that legislative change is necessary to modernize the public service staffing system. And the Treasury Board Secretariat has acknowledged the problems in the current framework. In a recent business plan, it states[26]:

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[25] The Committee's *Ninth Report, Retention and Compensation in the Public Service*, February 1999.

> . . . the current [human resource management] system is rigid, cumbersome, slow, costly and process-driven . . . it increasingly shows the sclerosis of legislative add-ons and the constraining precedents of a variety of tribunal and court decisions. It does not support modern values-based, results-oriented decision making nor does it reflect modern workplace values and practices. It does not reflect the management board role of Treasury Board or the needs of public service organizations for flexible, efficient and affordable systems that meet their particular needs. In short, the [human resource management] system is increasingly unable to meet the needs of a dynamic environment.

In our view, the time has come for a broad review of the legislative framework. Changes are needed to modernize and streamline systems and processes that have long been widely viewed as unduly constraining effective management and, indeed, reform itself.

Resolving concerns about fragmented governance of human resource management

PS 2000 set out to resolve the long-standing structural issue of responsibilities split between Treasury Board and the Public Service Commission. But like a number of earlier initiatives, it failed to do so.

Past efforts were stymied by concern among top officials about the importance of the Public Service Commission in preserving the non-partisan and merit-based nature of our public service. This is still a valid concern. And the need to maintain a role for the Commission, as a parliamentary agent, continues to have strong support. Nonetheless, it appears from the structural arrangements and reforms in other Westminster nations that there is significant room for changes in the Commission's role. Otherwise, it is doubtful that the staffing system and related administrative systems and processes can be modernized and simplified.

The one-time Manager of PS 2000 recently noted that as a former Public Service Commissioner, he had for many years been convinced that the problem of split responsibilities could be overcome by some means short of major structural change. However, central agencies over the past 20 years have sought to find such means and yet the problem has not been overcome. He has concluded, "Given the history of the past 30 years, it is doubtful under the present set-up that the human resource function in the public service will get the needed priority and the human resource professionals the needed leadership."[27]

The issue of fragmentation is more complex today by virtue of the strengthened leadership role assumed over the last decade by the Clerk and COSO. In the circumstances, these were desirable developments. For example, as our April 2000 study reported, deputy ministers consider that the Clerk's increased involvement in human resource management issues has led to their own greater involvement and better understanding of the issues. Nonetheless, complexity has increased. And it has been compounded by the creation of other agencies, such as the Canadian Centre for Management Development in the late 1980s and The Leadership Network in 1998, that also play a role in human resource management.

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[26] Treasury Board of Canada Secretariat Business Plan, 1999–2000 to 2001–02.

[27] *Looking Back From 2000 at Public Service 2000*, John Edwards, July 2000.

The issue of fractured responsibility has troubled two recent COSO subcommittees.[28] The more recent of these noted that the system is "fragmented and unco-ordinated," and "needs to be clarified and simplified to provide clear direction and accountability." It also noted that the problem extends to the governance system for learning, in which the Treasury Board and its Secretariat, the Public Service Commission, the Canadian Centre for Management Development, and departments all play important roles. The Human Resources Council — the body representing the public service's specialists in human resource management — believes that streamlining the governance system for human resource management is of crucial importance to enabling the public service to become an employer of choice. And the Advisory Committee on Senior Level Retention and Compensation echoes this view, stating:

> . . . there is an urgent need for clear accountabilities, matching authorities and a general streamlining of human resource processes if the public service is to deliver on its ambitious goals.[29]

As we noted in our April 2000 study, the fragmentation issue needs to be resolved. Unclear and overlapping roles and responsibilities lead to duplication and wasted effort as well as inaction, slowing the pace of change at a time when current and emerging circumstances require increased nimbleness, flexibility and adaptability. Our audit of the government's Post-Secondary Recruitment Program (Auditor General's 2000 Report, Chapter 21) illustrates this. It notes that while recruitment is a key priority, no recruitment targets or strategies exist. The Treasury Board Secretariat (responsible for the overall size and shape of the public service) said it was waiting for each department to submit its business case for additional resources; the Public Service Commission (with exclusive statutory responsibility for appointments to the public service) said it would hire only for positions identified by departments; and departments indicated they were seeking direction and support from the central agencies. The consequence: a lack of concerted action on a key management priority. Resolving the fragmentation of responsibility is critical to achieving a renewed public service that is an "employer of choice."

Bolstering human resource management in departments

To resolve concerns about fragmented governance of human resource management, the responsibilities of deputy ministers and their management teams for the nature of the workplace environment and workplace relations need to be clarified. Our April 2000 study of roles and responsibilities noted:

> The role of deputies needs to take a significant step to institutionalize the move away from a system that has seen them as primarily responsible for administering a centrally prescribed framework. They need to be seen as having pivotal responsibility for developing and maintaining a healthy work environment in their department by making human resource management an integral part of departmental planning, and their performance needs to be assessed on that basis.

Much can be done within the current legislative framework. Deputy ministers may need central policy support or added resources (for example, to enhance training and development activities).

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[28] See *Partnering for People: Report of the COSO Subcommittee on the Human Resource Community*, June 1998; *A Public Service Learning Organization, Directions for the Future*, and the accompanying *A Policy Discussion Paper*, COSO Committee on Learning and Development, draft reports, June 2000.

[29] *Advisory Committee on Senior Level Retention and Compensation, Third Report*, December 2000.

But they already have broad authority over the way their people are managed and the extent to which the human resource management needs of their organization are considered. Where more attention to these matters is needed, deputies can make the necessary organizational or other changes. They can ensure that the necessary information is available for better decisions on the skills the organization needs and the development needs of staff, and can request central support where required, for example, to obtain funding for better information management systems. They can ensure that departmental accountability practices place enough priority on the way people are managed. They can institute processes like staff surveys and upward feedback to keep themselves informed about staff concerns and the performance of individuals on their management team in improving human resource management.

In short, in most respects deputies now have the authority to manage their work force and their workplace. What is required (aside from any increased authorities, support, or funding) is that they each assume full responsibility for the matters where added authority is not an issue and be held rigorously to account by the Clerk for discharging that responsibility.

It may be that legislative changes are needed as well. Some senior officials suggest that deputy ministers should have statutory responsibility for certain powers of the "employer" and/or the Public Service Commission in staffing, as is now the case in various government agencies including the recently established Canada Customs and Revenue Agency. Those officials argue that this would allow for arrangements that better meet the specific and disparate needs of departments and thereby enhance efficiency and effectiveness. With such statutory responsibility, deputy ministers' accountability would be clearer and could be strengthened; this could be expected in turn to facilitate necessary reforms. They hold that while deputy ministers may now have 90 percent of the authority they need, the 10 percent they do not have would make the major difference. Indeed, the existence of the new Revenue Agency is an acknowledgement of this view. Among the explicit reasons cited for its creation as a separate employer under the *Public Service Staff Relations Act*, with enhanced independence in staffing, were the benefits of greater flexibility to manage its work force and its workplace than had been possible as a government department.

In other nations with Westminster systems of government, such as Australia and New Zealand, deputy minister equivalents now have broader statutory responsibility for human resource management. Canadian federal departments are large enough that they should have the expertise and authority necessary to manage their own human resources within broad parameters set by the government. Hence, increased statutory authority for deputy ministers should now be explored.

However it is effected, it is only if and when there is significant change in the roles of deputy ministers, and then managers and supervisors at all levels in departments, that the current goals of reform will be fully achieved. Recognizing that there are some 30,000 middle managers in the public service, this is an immense task that will require focussed leadership and perseverance over an extended period.

Deputy ministers will have to be highly visible leaders and will have to stay in their positions long enough to effect change of this magnitude. They will have to set clear and challenging targets for reform for their departments and their senior managers. With the support of their functional specialists, who must themselves assume a more strategic role in partnership with line managers, deputies will have to establish appropriate means of measuring or assessing progress. And they will have to hold those who report to them to account for meeting the people-management challenges of the organization.

They will also need to have means of ensuring that managers and supervisors throughout their departments are similarly held to account. Given the high turnover anticipated in the ranks of executives, managers, and other professionals, deputies will have to give priority to measures like employee surveys and/or reporting requirements that will keep them and their senior officials informed about progress and the results of change initiatives throughout their departments.

If human resource management is to be accorded higher priority, with deputy ministers and other departmental managers effective in a more prominent role, the strong strategic and operational support of human resource specialists will be essential. The current shortage of highly skilled specialists and the need of many in this functional community for new skills will have to be resolved. A number of initiatives to do this are under way.

Conclusion: Final Thoughts on Prerequisites for Success

We undertook this study of the efforts at public service reform over the last decade to provide Parliament with a broad assessment of their progress, a perspective on the challenges the government and the public service now face in moving forward with needed change, and our views on prerequisites for success. PS 2000 aimed to streamline and modernize the public service management regime and create a more vibrant and dynamic organization, focussed on service and results. This was to both maintain and improve performance in difficult and rapidly changing circumstances, and to ensure that the public service would continue to retain and attract skilled workers. La Relève sought to address workplace and work force problems exacerbated by the difficult fiscal circumstances of the mid-1990s, in essence picking up where PS 2000 left off. Despite these major reform efforts and the progress they made, the results overall have fallen well short of expectations. Substantial improvements are still necessary in areas such as modernizing and improving service to the public and making better use of performance information to strengthen programs, achieve desired results, and account for performance.

In particular, not enough attention has been paid to certain weaknesses in the government's management control framework. Our audits have highlighted consequent problems and have recommended corrective change. The accountability of deputy ministers and their management teams must be strengthened by effectively applying the performance management programs recently developed. And the Treasury Board Secretariat needs to actively monitor the quality of key departmental management systems. In general, these are not new problems, nor are they easy to solve in an organization as large and complex as the public service. But significant improvements can and must be made if Canadians are to receive good value in the services they pay for with their tax dollars.

Over the past decade, human resource management was the focus of a great deal of attention by senior officials in the public service, and yet it is here that the results are most disappointing. The human resource challenges confronting the public service today are greater than those it faced when PS 2000 began with the 1990s. The potential leadership crisis that may accompany the impending "retirement bulge" among public service executives and professionals, the current under-representation of youth, and the challenges of improving the representativeness of the public service are issues that have grown in importance. Labour relations continued to deteriorate until legislated wage restraints ended and initiatives to repair relations began late in the decade; mistrust still must be overcome. In other respects, notably staffing and employee development, if the problems have not been exacerbated neither have they been significantly alleviated. Although human resource management is more clearly "on the radar" of deputy ministers, the changes in mindsets and practices anticipated with the introduction of a new management philosophy have yet to be implanted across the system. And today the public service faces heightened competition from other employers for knowledge workers, who now constitute a majority and a growing proportion of public servants. Failure to overcome these problems and to create a more flexible and adaptable institution raises the risk of a public service unable to meet future challenges — unable to attain the results expected by ministers and by Canadians.

Our study identified a number of issues that must be resolved if current and future reform efforts are to be more successful than those of the 1990s. Paramount among these is the crucial importance of setting a reform agenda that has the strong support of ministers. That this is key has been demonstrated by the reform experience here and in other countries. In Canada, exceptions aside, ministers in the past have too often seen management reforms in a political context as relatively unimportant. Indeed, "public service bashing" was in vogue for a time, here and elsewhere. But the government's performance on behalf of Canadians is closely linked to both the capacity of the public service to respond to the needs of ministers and the public and its ability to do so in ways that meet the highest standards of management. Thus, the success of management reform is clearly in the interest of every minister. Indeed, in our view, good management of a public service that is able to attract and retain its share of the best and brightest individuals in our country is in everyone's interest.

Also key is the role played by the Clerk of the Privy Council and Secretary to the Cabinet. The role is unique in its relationship with the Prime Minister and Cabinet and its responsibility for the overall performance of the public service. The Clerk has the capacity to influence the appointment and priorities of deputy ministers, their accountability for performance, and their remuneration, development, reassignment and removal. As the PS 2000 White Paper expressed it, "As Head of the Public Service, the Clerk is in the position to assess its needs, answer for its performance as an institution and provide the sort of visible leadership that is essential in any modern organization where morale and individual commitment are the keys to having and keeping a motivated work force." Working with the community of deputy ministers and with central agencies, the Clerk can provide leadership that is vital in setting a challenging corporate agenda of reform and holding colleagues accountable for giving it effect. The Clerk has a similarly important role in rectifying the too-frequent rotation of deputy ministers and others who have central responsibility for management.

Whether reform initiatives such as PS 2000 and La Relève succeed or fail in their implementation comes down, in the end, to deputy ministers. Their role, particularly in human resource management, must continue to evolve. Collectively, they now play a significant role in shaping the corporate management agenda. Individually, they define departmental management initiatives and organize and lead the department's staff. They are responsible for establishing and maintaining management controls that meet centrally prescribed policies and standards. They are responsible for achieving results. And increasingly, they must assume responsibility and be held to account for creating an innovative and vibrant workplace peopled by highly skilled and committed workers, for it is through the efforts of those workers that results will be achieved.

Has the time come for an independent review of the legislative framework for human resource management?

The human resource management regime needs to be streamlined and modernized, having grown in complexity and gone largely unreformed over more than three decades, despite numerous initiatives. As our April 2000 study reported, many studies have pointed to this need and, especially for staffing, have cited the existing legislative framework as a constraint on modernization. The PS 2000 Task Force on Staffing was among these. A current examination of the labour relations regime raises similar issues. And there is a need to get to the bottom of long-standing concerns about the governance structures involved. Those concerns relate to the splitting of responsibilities between the Treasury Board and the Public Service Commission, between them and other corporate bodies such as the Privy Council Office, COSO, the Canadian Centre for Management Development and The Leadership Network, and between these central or corporate agencies and the deputy ministers of line departments. This "fracturing" of responsibility has led to a lack of clarity in direction, leadership, and accountability for human resource management. And it stands in the way of effecting much-needed change.

The deputy minister community, under the leadership of the Clerk of the Privy Council, has devoted considerable energy to some of these matters over the last decade. But given changing circumstances and revolving leadership, and despite good intentions, the results have been disappointing: much study, but little change. The import of the human resource management challenges now upon the public service and the need for timely action are apparent.

Our April 2000 study on streamlining the human resource management regime found that although there is wide support for changing the legislative framework, there is also concern, particularly among deputy ministers, about the practicality of pursuing reforms that are so fundamental. This reluctance stems from concerns about tampering with the role and independence of the Public Service Commission in helping to maintain a professional and non-partisan public service. It also stems from concerns that in the face of the low political priority usually given to public service reforms, and long-standing union demands (for example, to make staffing bargainable), achieving desirable legislative changes would not be easy.[30] Indeed, there is concern that such an effort could prove counterproductive. The government's response to our April 2000 study was more optimistic than our study in a number of respects, including staffing reform and the flexibility provided for in the current legislative framework. We acknowledge the difficulties inherent in opening up the legislation to fundamental changes, given the entrenched positions on a range of issues and given the political context. Nevertheless, for the reasons already cited, the Office believes a thorough and transparent review of the legislative framework is needed.

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[30] In his paper, *Distant Reflections on Federal Public Service Reform in the 1990s*, Ian Clark, former Secretary of the Treasury Board, addresses some of the challenges and risks involved.

Over the last two decades, most reform proposals have come from senior public servants or studies they have commissioned. But with a lack of consensus among top officials on key issues, the reforms implemented have yielded only marginal change. Given the nature and sensitivity of the governance and labour relations issues that need to be addressed, the intractability of some of them, and the potential adverse consequences for Canada and Canadians of an underperforming public service, the government should now consider an independent and action-oriented review of the legislative framework for human resource management. Such a review, geared to changing circumstances and future challenges, would be aimed at producing reform proposals and the accompanying draft legislation.

Engaging Parliament

In 1979, the Royal Commission on Financial Management and Accountability (the Lambert Commission) noted that the management of personnel in all its aspects is as important as, if not more important than, financial management in achieving overall management of government activities; and yet Parliament's review of personnel management was more limited than its review of financial management matters, through the Public Accounts Committee. This remains the case today.

Despite a 1997 recommendation by the House of Commons Government Operations Committee for regular parliamentary committee review of the progress of reform efforts, these matters were not the subject of any substantial review by the House of Commons from April 1997 to the end of 2000. This, even though a report on the state of the public service, required by legislation to be made each year by the Clerk of the Privy Council to the Prime Minister, is tabled in Parliament as is the annual report of the Public Service Commission.

This Office has found that Parliament generally plays an important role in improving government management. Given the serious challenges facing the public service today, the urgency of dealing with them, and the vital importance to Canadians of a well-performing public service, parliamentarians may wish to consider how they might, on an ongoing basis, more effectively monitor the quality of human resource management in the public service and the progress of government reform initiatives.

In the interest of all Canadians, the government needs to strongly support public service leaders in their efforts to reform and renew the public service, and needs to facilitate parliamentary oversight of those efforts.

Appendix

Precepts of the Management Philosophy Reflected in the PS 2000 White Paper

Service

- Public Servants will support and advise Ministers, design and administer programs and provide service to the public.
- The management of the Public Service will be results-oriented and imbued with a client-service culture.
- The equality of the status of English and French will be maintained both in the provision of services to the public and in the internal operations of government.
- Resources will be conserved and concentrated on the delivery of services to Canadians, the provision of support for Ministers and the essential operations of government.
- Public Servants will be open and consultative in their dealings with members of the public. They will be respectful of the views of others and strive toward consensus.

Innovation

- Within a framework of law established by Parliament and of policy established by Ministers, Public Servants will be empowered and encouraged to use their creative energies to decide themselves how best to use the resources made available to them in order to get the job done in the most efficient manner.
- Decision-making authority will be delegated to the lowest reasonable levels. Managers will be responsible for ensuring that the taxpayer gets good value through the provision of cost-effective services.
- Innovation to improve productivity and the quality of service will be encouraged and rewarded.
- Central regulation will be used only when essential to the broader interests of the Government as a whole.
- Personnel, financial and administrative authority is to be decentralized in order to permit managers ready access to the tools required to get the job done.
- Research, study and development will underlie and sustain policy, program and service innovation.
- Technology will be used to increase productivity, to enhance individual job content and the flexibility of working conditions, and to improve citizen access to services.

People

- The members of the Public Service will be treated as its most important resource.

- Personnel policies will be devised and applied so as to attract and retain the Public Service's necessary share of skilled talent.

- Managers in the Public Service will be expected to lead by example and to promote two-way communication with their staff. They will define the organization's mission, set clear objectives and involve members in a consensual decision-making process. Setting priorities, delegation and effective time-management will help to define the successful, adaptive manager.

- Public Servants will be managed in a manner respectful of their overall professional and family responsibilities and they will be expected to reflect similar consideration for all with whom they deal in the course of carrying out their duties.

- With the exception of recognized exclusions, Public Servants will continue to have the right to organize themselves for collective bargaining purposes.

- The capacity of the Public Service to attract and retain qualified recruits, and of Public Servants to take greater responsibility, will be enhanced through active career development and through training and professional development.

- Individuals will be personally responsible for their own careers; they will be assisted actively by departmental and interdepartmental mechanisms to encourage the use of deployments to enrich and broaden career experiences.

- Training and professional development will be upgraded and a renewed emphasis will be placed on Public Service values and ethics.

- The Government's policy in support of employment equity will be actively upheld by all managers, and understanding and respect for cultural diversity will be maintained both in serving the public and in the workplace.

Accountability

- Public Servants will be more clearly accountable to their superiors and ultimately to Ministers for the quality of their work, their ethical conduct in the use of enhanced authority and resources, and for the results achieved by way of improved service to Canadians and support to the Government.

- The performance of Public Servants will be assessed against readily understood standards and, to the extent possible, clear objectives.

- Supervisors will provide subordinates with regular feedback on their performance. Performance assessments will accurately reflect strengths and weaknesses. Exceptional performance will be promptly recognized. Managers will be accountable for assisting unsatisfactory performers to correct deficiencies, acquire necessary training or if necessary leave the Public Service.

Source: Excerpt from *Public Service 2000, The Renewal of the Public Service of Canada*, 1990.

Looking Back From 2000 at Public Service 2000

Looking Back From 2000 at Public Service 2000

John Edwards

Preface

When the Office of the Auditor General invited me to look back at what the Public Service 2000 reform initiative achieved, I was somewhat hesitant for three reasons:

- How much interest would there be in an initiative already shrouded by the mists of time?
- Could I, as the former manager of the initiative, be dispassionate enough or would I slip into defensiveness?
- Would it stir up some dormant and unproductive tensions among some of those who had a stake in the PS 2000 debates?

How much interest there will be, I do not know. But I do believe it is important — for all the traditional reasons — to try to record past history. Without a sound appreciation of the past, we are too likely to misread the challenges of the present.

Whether I have been able to avoid defensiveness I leave to readers to judge. And time will tell whether I have managed to avoid stirring up old tensions best left dormant.

I would like to note the great willingness of all I approached to give me time from their regular work and talk at length about PS 2000; indeed, many seemed pleased at the opportunity to revisit the issues. And some expressed surprise when they read the recommendations again and realized how many in their field of responsibility they considered to have been implemented, or exceeded.

Executive Summary

The Public Service 2000 reform initiative was launched in early 1990. The study for this report set out to explore what the leaders tried to accomplish, what the PS 2000 task forces recommended, and what happened to the recommendations over the 1990s. The report ends with some conclusions about the overall impact of PS 2000 and some of the author's personal reflections that might be useful to future reformers.

The origins of PS 2000 lay in the growing frustration of public servants, particularly managers, at what they perceived as excessive red tape and controls. Their frustration was heightened by the awareness that other public services and the private sector were finding better ways to manage resources and serve the public.

PS 2000 was quite modest in its scope. It did not seek to address the role and size of government or the relationship of officials to ministers, or to get deep into the structures of government. It was about streamlining the administration of the public service.

The timing seemed good, with a Prime Minister early in his second mandate, an experienced Clerk of the Privy Council and a line deputy minister just appointed as Secretary to the Treasury Board, and the likelihood that a series of major budget cuts had come to an end. However, the work flowing from PS 2000 in its second year was buffeted by new budget cuts, the Al Mashat affair, a three-year wage freeze and the largest public service strike in history. These were followed by the major restructuring of departments during the Campbell regime, including heavy cuts at the assistant deputy minister level; an extension of the wage freeze; and Program Review — the most dramatic and rapid reduction ever in budgets and personnel strength. In addition, the pressures of constitutional negotiations and two changes of government drew attention away from administrative reform.

Despite the upheavals of the 1990s, PS 2000 did bring about some useful reforms. Most notable were a greater focus on service to the public, new tools in resource management, and a substantial transformation in the role of common service agencies. But a number of useful changes aside, the overall impact on human resource management has been disappointing — ironic, since seven of the ten PS 2000 task forces were aimed at various aspects of human resource management.

Service to the Public

There can be little doubt that the work of the Service to the Public Task Force contributed to a strong shift in attitudes toward service to the public. That shift is exemplified by more service-oriented mission statements, more public consultation, more complaint-management procedures, more "one-stop shopping" initiatives, more training in client service, re-engineering of processes, total quality management, and a proliferation of new governance/partnership arrangements.

Comparative surveys in 1990 and 1996 documented this shift. And the 1999 Public Service Survey showed that almost all employees know who their principal clients are, most ask clients about their needs and expectations, and three out of four believe they have the flexibility to adapt services to client needs.

There is still much to be done, but the change in attitudes over the last decade has been substantial.

Resource Management

The main achievements were the introduction of single operating budgets, giving managers more ability to move resources around as circumstances change; greater discretion to carry over unexpended funds from one year to the next; and more incentives to generate revenues.

Common Service Agencies

Over the 1990s, common service agencies appear to have succeeded in transforming themselves from controllers to service providers. This transformation was facilitated by greater use of technology and by allowing departments more discretion over whether to use agencies.

Classification

The 1968 classification scheme had long been a frustration to managers. In 1990, PS 2000 recommended a major simplification; the Public Service Reform Act *of 1993 provided the legal basis for achieving it. However, progress got bogged down in the debate over how to meet the test of equal pay for work of equal value. Today, it appears that a scheme somewhat similar to the one proposed in 1990 will soon be in effect.*

Although managers are worried about the transition to the new scheme, most expect it to substantially reduce the number of classification and staffing actions and thereby facilitate operations and career development.

Staffing

Recruitment has benefited from some added flexibility — for example, more freedom to use temporary help agencies, to hire casuals, and to set up employment equity programs.

There is some new flexibility in internal resourcing, such as easier deployment, promotion of staff in development programs as they reach the appropriate level of competence, and streamlined security clearances.

Many managers are still frustrated with the staffing function, particularly the time and effort it takes to fill positions by competition. Union leaders still have concerns about casual employment and consider the record of deployment as mixed, although the PSC (Public Service Commission) has received very few complaints about either of these.

Staff Relations

The PS 2000 task force concluded that there was not much wrong with the collective bargaining regime. It produced some useful fine-tuning, and many of those changes are now in law. Most of them have not yet been tested, as bargaining was suspended for much of the 1990s.

The process for release of poor performers was streamlined to encourage managers to deal with them more rigorously. However, managers and union leaders alike do not think this has had much impact.

Compensation and Benefits

PS 2000 recommendations sought to use compensation and better award programs to recognize the achievement of results. However, the unions made it clear that they were totally opposed to payment for results. Last year, such an approach was introduced for the executive group (the Performance Management Program). New award and recognition programs have been created at both the corporate and departmental levels.

PS 2000 also sought to give public servants a greater variety of career paths by introducing changes to make part-time employment more attractive (this has shown some progress), encourage job sharing (little progress), and introduce leave with income averaging (good progress) and pre-retirement transition leave (little progress). Other changes were designed to ease re-entry for those returning from leave without pay and to facilitate telework; no information on their take-up is available.

Management Category

An executive cadre was envisaged that would be smaller (fewer levels) and more mobile (appointment-to-level). It would share a common philosophy of management, supported by training and a supply of good replacements to fill vacancies as they arose. Implementation has been uneven.

Some reduction in levels was achieved, but less than expected. Appointment-to-level made very slow progress but now essentially exists at the ADM level, and elements of it are appearing at the other EX levels. Some progress was made on identifying common values, and a profile of the skills required in managers was issued. The Management Trainee Program was launched in 1992 to fast-track carefully selected recruits with post-graduate qualifications. Today over 500 have gone through the program, and the first are just beginning to be appointed to the EX level.

Staff Training and Development

PS 2000 placed a high priority on training and development. However, when times are tough, this function — in both the public and the private sectors — tends to be the first one cut. Most interviewed in this study believe that the volume of training did not increase much during the 1990s, if at all, though the mix of training changed substantially; service to the public, information technology, cultural diversity and the scientific community received greater priority. Training in general management may have declined but there is more training in specific aspects of management — union/management relations, handling of harassment cases, mediation skills, mentoring and leadership.

One union leader was encouraged at the amount of joint training by unions and public service management in some of these areas, as well as in health and safety and the universal classification scheme.

It is hard to assess progress toward having a personal learning plan for each employee. The evidence is mixed; this may well reflect uneven progress across departments — probably true of career counselling as well.

Accountability

Out of PS 2000 recommendations emerges a reasonably comprehensive accountability model that comprises:

- *a common management philosophy;*
- *a matching of authority to responsibility;*
- *personal accountability;*
- *performance appraisal, including upward feedback;*
- *performance rewards as part of compensation;*
- *increased transparency; and*
- *reinforcement of the model through training and audit.*

There have been useful advances on specific elements but the overall results — as many managers agree — are not very impressive. Many feel there is still a significant way to go before satisfactory accountability processes are in place across the public service.

Overall Conclusions

- *Many PS 2000 recommendations have been implemented and managers do not want to see any of them rolled back; work continues on many others. This is evidence that the recommendations were basically sound.*

- *Most encouraging have been the greater emphasis on service to the public, the service orientation of common service agencies, the reduction of red tape, and a broader acceptance that public servants should question the usefulness of rules and procedures.*

The chief disappointment has been the failure to make a major breakthrough in human resource management.

Reflections

This paper ends with the author's reflections on nine issues:

- ***Accountability measurement**. Why has this proved so difficult? Why have past efforts faded away? Given some of the difficulties of measurement and of linking results to the performance of individuals, how much accountability measurement is needed and by whom? How interested are politicians in the quality of public service administration?*

- ***Executive agencies**. It was wise in 1990 not to move quickly toward hiving off operational responsibilities to autonomous agencies. Even in 2000, caution is warranted until there is a better understanding of the advantages (efficiency? service? accountability?) and disadvantages (agency head/ministerial conflict? politicization of the senior public service? short-term time horizons?).*

- ***Central agency mandates**. It was a mistake to back away from the long-standing issue of whether corporate leadership over human resource management will ever be strong enough so* *long as operational responsibilities are split between the Public Service Commission (a parliamentary agency) and the Treasury Board.*

- ***Unions.*** *There should have been a greater effort at the beginning of PS 2000 to involve the unions more. However, given the wide disparity between the goals of PS 2000 reformers and those of the unions, realistically there was no way to avoid major disagreements.*

- ***Broad or selective reforms?*** *As a general principle, it is wiser to select a few targets for reform than to aim for broad reforms. However, in PS 2000 this would not have worked well.*

- ***Obsolescence of reform packages.*** *In a world of continuous change, it may no longer be helpful to give a set of reforms a high profile.*

- ***Political leadership and support.*** *Even if the 1991 budget cuts could not have been avoided, a government more concerned with administrative reform might have found a different and less damaging budget approach. However, it is doubtful whether most shortfalls in the advancement of specific changes can be attributed to a lack of political support.*

- ***Bureaucratic leadership.*** *The personal and visible commitment of the Clerk of the Privy Council is essential to the success of any major reform program. It is unlikely that any Clerk can sustain intense commitment for more than a year or two.*

- ***Reversibility of reforms***. *Reforms can be undone unless they are nurtured continuously. Like others, the author worries that an overreaction to the HRDC controversy could damage the progress made so far, particularly on service to the public.*

Introduction

The Purpose of the Paper, and Methodological Issues

The purpose of this paper is simple: to describe what was achieved by Public Service 2000, a reform initiative launched in early 1990 and named in recognition that the reforms would likely take 10 years to accomplish.

Someone of a more conceptual bent than I might have approached this task by seeking to unravel cause-and-effect. For example:

- What part of the changes made under the umbrella of PS 2000 should be attributed to earlier waves of reform?
- What PS 2000 reforms would have happened anyway? Did they happen earlier because of PS 2000?
- What relationship does PS 2000 have to subsequent reforms? What would have been achieved — more, or less — had Program Review not been launched? Is it reasonable to see La Relève as at least in part a reappearance of PS 2000 out of the settling dust of Program Review?

I have bypassed this quagmire and taken a less demanding trail. I describe what the leaders of PS 2000 were trying to accomplish, what they recommended, and what happened to the recommendations over the 1990s. I then assess to what extent the objectives of PS 2000 were met, and conclude with some observations that I believe have relevance for the future.

To produce this report, I have relied on:

- a mass of documentation, including the major employee survey conducted in 1999 (Annex)[1];
- interviews with 13 subject matter specialists in central agencies and with a variety of others, primarily those whose positions in the 1990s enable them to compare the situation then with that of the present. They included a dozen executives in the National Capital Region, mostly at the assistant deputy minister level; eight regional heads (Pacific and Atlantic); and four people who were senior union officials during all or much of the decade. To get responses as frank as possible, those interviewed were given prior assurance that the views they expressed would not be attributed to them in the report.

Two problems I encountered should be mentioned:

- Ten years is a long time in a career; many key players in PS 2000 retired years ago. Many of those interviewed had some difficulty recalling the details of public service management practices at the beginning of the 1990s, so often their comments were somewhat impressionistic. To offset this, I have tried as much as possible to include statistical information indicating the scale of change made.
- These statistical comparisons have been limited because the information the central agencies have on the internal workings of the public service is not as comprehensive as it once

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[1] Some have suggested that PS 2000 was something of a paper mill; to the extent that this was fair comment, the tradition has continued! Most of the reports produced in recent years are of excellent quality but there are so many that I wonder how many EXs and others have managed to read more than a small proportion.

was, particularly on the human resource function. (What happened to the assumption back in the early 1990s that instead of requiring departmental reports, the centre would be able to draw information electronically from departmental management information systems?)

The Origins of PS 2000

The primary factor that led to the launch of PS 2000 was the growing frustration, particularly throughout management ranks, at what were perceived as excessive red tape and controls. As the public service absorbed a succession of budget cuts and sought to "do more with less", there was a widely held conviction that committed managers were being undermined by a culture based overmuch on rules — that following the rules was viewed as more important than getting results.

The level of exasperation was increased by the fact that other parliamentary governments with close ties to Canada (New Zealand, Australia and the United Kingdom) were busily dismantling many constraints and simplifying administrative processes. Some changes, such as Australia's adoption of a much-scaled-down classification system and a single operating budget, were proving beneficial.

The problems in Canada's federal public service had been recognized by the Auditor General in a number of reports, beginning in 1983 with "Constraints to Productive Management in the Public Service". The Public Policy Forum raised concerns, culminating in its January 1989 proposal to the Prime Minister for a revitalization of the public service:

> We seek to ensure that government executives have the people and tools that they need to manage effectively; that the incentives structure fosters innovation in the public service rather than impeding it; that managers are encouraged to get the work done, with fewer resources; and that government employees at all levels emphasize customer service over compliance with established rules and procedures.

There was also a growing awareness that private sector companies such as General Electric and DuPont were getting higher performance from their employees by such means as setting clear goals and involving them more in decision making.

The Nature of PS 2000

What PS 2000 was

Reflecting its origins, the main thrust of PS 2000 was to streamline the administration of the federal public service. There was nothing revolutionary about it: it was not driven by a strong ideology or political pressure; it set forth no grand objective; and it did not seek to change basic concepts such as ministerial accountability. While there was some continuing curiosity about others' experience with hiving off departments' operational activities into autonomous executive agencies, there was no real inclination to move far down that path.

Despite periodic flights of rhetoric, PS 2000 was based on the simple proposition that many of the problems the public service was experiencing had been inflicted on it largely by public servants and could be corrected by public servants:

> ...we know the problems, we are capable of finding the solutions, and perhaps most important, we will be around to inculcate the changes into the Public Service.[2]

The general thesis was that a public service liberated from excessive constraints and served by streamlined administrative systems would be more energetic and creative, more focussed on service to the public, and more concerned with getting results. And it would be characterized by stronger accountability.

The work of PS 2000 was organized in a way that reflected both its origins and its general thesis — 10 task forces, made up of deputy ministers and assistant deputy ministers, assisted by specialists in their designated subject matter, and challenged to come up with proposals based on discussions and consultations inside and outside the public service. One task force looked at service to the public, another at administrative policies and common service agencies, and one at budgetary management. Fully seven task forces worked on various aspects of human resource management.

Issues not tackled

In principle, any aspect of the public service was open for examination. However, several important areas were either deliberately or tacitly avoided:

- **The role and size of government** were not discussed (Program Review picked this up in 1994.)
- **Relationship between officials and ministers** was not directly addressed because it was not seen as a problem (though this view was soon shaken by the Al Mashat affair). There were periodic references to possible new dynamics in this relationship as public servants developed closer links to external stakeholders, or as regional managers used new delegated authority to better meet the needs of clients.
- **Machinery of government** — there was never any intention to examine generally the number, mandates or structures of departments, although it was expected that the mandates of common service agencies would adjust to any deregulation of their services. One aspect of machinery of government that was clearly on the table at the outset of PS 2000 was the distribution between the Treasury Board and the Public Service Commission (PSC) of corporate responsibilities for human resources. Some leading advocates of PS 2000 saw as a primary goal a radical reduction in the fragmentation of these responsibilities — reflecting the conclusions of the 1962 Glassco Commission[3] and the 1979 Lambert Commission.[4] Indeed, the Clerk of the Privy Council made no secret of his views in a March 1990 speech:

> Our first objective is to clarify accountability, especially in relation to personnel management. Responsibilities are confused so people have taken refuge in systems of control ...For the Public Service Commission, it will mean getting out of the management business and focussing on its role as Parliament's agent in protecting the integrity of the personnel system.

However, references to this objective soon disappeared when it proved impossible for the public service leadership to reach a consensus on what should be done.

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[2] Speech by the author at the APEX Symposium, February 1990.

[3] Royal Commission on Government Organization.

[4] Royal Commission on Financial Management and Accountability.

Timing

In December 1989, the environment looked positive for the launch of a reform initiative:

- It was early in the second mandate of the Prime Minister.
- The Clerk of the Privy Council had been in the position for several years and enjoyed the confidence of the Prime Minister.
- The new Secretary to the Treasury Board had come from a line deputy ministerial post and therefore was conscious of the need for change.

The view from Finance was that the federal government seemed to be on its planned fiscal track and a need for further major budgetary cuts was unlikely. Over and over again during 1990, PS 2000 leaders kept stressing that PS 2000 was not about cuts,[5] that as departments made savings through streamlining they would be able to invest them in PS 2000 priorities such as new initiatives in service to the public, and better training.[6] In fact, however, just as this began to happen, non-salary budgets were again cut deeply (in December 1990) and then the 1991 Budget announced cuts and a wage freeze for the following three years.

The dissonance between these events and the basic messages of PS 2000 sucked energy and credibility from the initiative and engendered cynicism about the government's continuing commitment to it.[7]

These cuts were just the beginning. A recent report by the Public Management Research Centre asserts, "The magnitude of change that has impacted the federal Public Service work force over the past decade has been unprecedented."[8]

A partial list of events may be worth recalling:

- the Al Mashat affair in 1991;
- the largest public service strike in history, leaving labour-management relations very sour (1991);

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[5] Clerk of the Privy Council, January 1990:
"Let me touch on a point that came up in my discussions before Christmas with the heads of the public service unions. It is not the object of this exercise to reduce either budgets or personnel… I want to stress that it is not the aim of PS 2000 to 'downsize' or otherwise to reduce our already scarce human and financial resources."
PS 2000 reformers were not alone in wanting to separate PS 2000 from any possible new austerity measures. The Public Policy Forum in its submission to the Prime Minister had noted approaches that should be avoided:
"This program should not be viewed as an economy drive or as a way of reducing the size of the public service …(this) might well elicit a cynical response by the public service and would not, in our view, address the issues which are our primary concern."

[6] This indeed became a specific recommendation of the PS 2000 Task Force on Service to the Public.

[7] Even people friendly to PS 2000 were shocked enough by the Budget announcement to express their views publicly. The March 4 Ottawa Citizen quoted Tim Plumptre as saying that, at the very least, PS 2000 was hurt by the government's actions: "…people judge management on what they do rather than what they say. This sends all the wrong signals." In a letter the Citizen published on March 9, Geoffrey Poapst, formerly with the Public Policy Forum, wrote: "With the ink scarcely dry on the (PS 2000) white paper, along comes Michael Wilson to put a different spin on the prime minister's commitment (to a fresh, new approach to people management). His message to the federal troops — you have a choice between a salary freeze or layoffs; if you exercise your legal right to strike, we'll legislate you back to work and, what's more, we want to contract out your work as we see fit."

[8] In September 1993, **before** Program Review, the Secretary to the Treasury Board noted in a briefing of regional councils that the succession of administrative cuts in the absence of corresponding cuts to programs or service standards meant that 15% fewer executives were trying to get 10% more work per person for about 12% less real pay relative to five years earlier.

- large-scale restructuring of departments during the Campbell regime (1993), including a substantial reduction in the number of assistant deputy ministers;
- the change of government (1993);
- the extension of the wage freeze for another three years (1994); and
- Program Review, the most dramatic and rapid reduction ever in budgets and personnel strength, accompanied by major privatizations (most noticeably in the transport sector).

And constitutional reform efforts tended to turn attention away from administrative reform. Most of those interviewed stressed how much those years became a period of sheer survival, with many things deferred until the cuts had been implemented.

Achievements From PS 2000 Recommendations

Overview

The 10 task forces came up with over 300 recommendations; parallel initiatives in departments (CSC 2000, EMR 2000, DND 2000, Health & Welfare's Excellence & Renewal, and so on) came up with many more. The time limitations of this study prevented my exploring what happened to the departmental initiatives, though I do not doubt that departments made a lot of useful, undramatic innovations and adjustments on their own volition. I limited my review to what happened to some of the task force recommendations that I selected because of their significance or to illustrate the range of subject matter PS 2000 covered.

Some of the task force recommendations simply endorsed already existing practices or newly launched initiatives. Many were "soft" recommendations — addressing aspects of management not amenable to measurement. However, a high proportion were specific enough that they could be concretely implemented and their usefulness documented.

Despite the upheavals of the 1990s and the difficulty of delineating the specific contributions of PS 2000, the events described in the following pages indicate that the initiative contributed to some fundamental changes in attitudes toward service to the public. It introduced more powerful tools for budgetary and financial management and generated some solid progress in repositioning common service agencies from controllers to service providers. PS 2000 was less successful at improving human resource management — ironic, given that this was the focus of so much of its work. Plenty of changes were made but they did not bring about the expected improvement in human resource management.

Service to the Public

There can be little doubt that the work of the Task Force on Service to the Public was a major factor in bringing about a strong shift in the public service culture toward meeting the needs of the public. For example:

- Essentially all departments adopted service-oriented mission statements in the early 1990s (22 of them by mid-1991) and appear to be revising them periodically.

- Departments now consult their clients more often, through surveys, focus groups or other means.
- The use of complaint-management procedures is now more widespread.
- In most decentralized departments, regional managers now report to the deputy minister and sit on the senior management committee.
- A number of one-stop-shopping mechanisms are in place, some operated jointly with provincial authorities.
- The provision of training in client service is more common.
- Tools such as re-engineering and TQM have streamlined service delivery.
- New ways have been found to deliver programs through alliances of various kinds. A report of the Auditor General refers to "a total of 77 new governance arrangements across the federal government."[9]

A 1996 discussion paper by a deputy ministerial task force on Service Delivery Models, bolstered by Ekos surveys in 1990 and 1996, stated:

> We have no hesitation in reporting that the service ethic in government has taken hold, and we would like to applaud and encourage the many initiatives we reviewed. While the Task Force on Service to the Public reported in 1990 that 'the public service…is not service-oriented', this is no longer true. In spite of downsizing and difficult times, the service ethic has taken root.

This sense of progress is widely held within the public service:

- Publications from CCMD and the Treasury Board Secretariat are full of best practices drawn from the public service.
- The annual reports by the Clerk of the Privy Council to the Prime Minister generally give substantial coverage to service delivery, often underlining the positive changes being made.
- The 1999 Public Service Employee Survey showed that almost all employees know who their principal clients are and most ask their clients about their needs and expectations. Three out of four believe they have the flexibility to adapt services to client needs.
- Most of those interviewed for this report noted how consciousness of client service has been raised. One regional head stated:

> Over the past decade, client concerns have been given more legitimacy. There is no longer an assumption that we are the experts, that we know better.

- The Citizen-Centred Service Network initiated by the federal government now involves over 200 officials from all three levels of government. It conducts research into what citizens expect from government service delivery and how governments can measure their success at meeting those expectations.[10]

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[9] Auditor General's Report, November 1999, Chapter 23.

[10] The value of this network was acknowledged by IPAC with its 1999 Gold Award for Innovative Management.

Obviously, much remains to be done and the new approaches are not without their drawbacks. One regional manager noted the frustration of a joint federal-provincial venture trying to get approvals from two sets of central agencies. Reports of the Auditor General acknowledge the efforts to improve services but raise concerns about the pace and the thoroughness of those efforts, as well as the possible downsides.

Resource Management

More powerful tools for resource management were introduced.

Single operating budgets

Single operating budgets were introduced in 1992-93, removing some unnecessary input constraints and thereby encouraging managers to use their resources more effectively. While staff numbers (FTEs) are still reported to Treasury Board for information purposes, the traditional control over person-years was discontinued. Managers across departments consider these changes beneficial; some departments (RCMP, DND and Parks) have delegated full discretion to front-line units.

Union leaders interviewed believe that potential problems some foresaw have not materialized. One, however, wondered whether some managers' reluctance to pay overtime may be due in part to the fact that surplus money on the salary side can be shifted to non-salary expenditures.

Year-end carry-overs

The recommended carry-over of up to 2 percent was implemented and soon increased to 5 percent. Managers see this as a welcome flexibility that has improved decisions by reducing pressures to use up funds before the year-end.

Retention of funds raised by cost recovery/revenue generation

To encourage appropriate cost recovery and revenue generation, departments are now generally permitted to retain part or all of the funds thus raised. This is done through various mechanisms such as vote netting, offsets and revolving funds. However, this incentive is not open-ended, or else the budgets of departments would grow or not grow on the basis of their ability to generate revenue rather than on the basis of public policy requirements.

Raising thresholds for establishing votes and introduction of multi-year budgets

In the early 1990s Treasury Board decided, after discussions with the Public Accounts Committee, not to pursue these two recommendations. The underlying objectives will be partly achieved with the adoption of accrual accounting, and further discussions with the Committee on the issue of higher thresholds appear likely.

Common Service Agencies

The general view from the centre is that managers have many more tools now than in 1990 to enable them to do their job, and a lot of the "nonsense" has been removed from the system. Most line department managers interviewed share this view, though some regional heads cautioned that discretion given to deputy ministers has not necessarily translated into increased discretion all down the hierarchy. In contrast to 1990, the activities of common service agencies are no longer seen as major impediments to good management.[11]

One measure of the reduced role of common service agencies is the decline in staff numbers at Public Works and Government Services Canada (in 1993, SSC and DPW were amalgamated), from about 20,000 in 1990 to about 11,000 now.

Procurement

- **Levels of delegation.** Before 1990, even deputy ministers responsible for administering budgets in the billions of dollars had delegated authority only for purchases up to $500; above that amount, they were obliged to purchase through Supply and Services Canada (SSC). But in December 1989 the limit was raised to $1,000. A PS 2000 task force recommended that it be raised to $2,500 and, unless SSC could introduce a user-friendly electronic ordering system, increased further to $10,000. The $2,500 limit was implemented in 1992-93 and today can go much higher (up to $25,000 with certain safeguards).

- **Electronic ordering.** SSC did introduce an electronic catalogue order-taking system (ECOTS) in 1992-93. This has been superseded by E-commerce since the government's commitment in 1998 to make this its preferred way of doing business.

- **Credit card system.** PS 2000 recommended that the government adopt a credit card system to eliminate the paperwork of requisitioning and billing and to facilitate data collection. This began in 1991, and now tens of thousands of cards are used to buy hundreds of millions of dollars of goods and services each year.

- **Inventories.** In response to another recommendation, SSC upgraded its Stock Item Supply. This kind of inventory has since been discontinued, with departments now ordering directly from suppliers through standing orders.

- **Financing of operations.** The task force was concerned that SSC was hanging on to some small-scale, high-volume transactions not because it was adding much value but because the transactions generated high profit margins, thus helping the revolving fund to break even. The task force argued that revenue dependency in this area be discontinued. Since April 1992, the procurement function has been on an appropriation basis.

Optionality

The task force recommended that departments' then-mandatory use of five common services be made optional, thereby giving departments discretion to turn to alternative suppliers. The five services were:

- **Crown Assets** — the *Public Service Reform Act* of 1993 included an amendment enabling departments to arrange for the disposal of their own surplus assets.

- **Translation Bureau** — now optional.

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[11] However, new problems have arisen over the 1990s due to the added complexity of the requirements and redress mechanisms of NAFTA, WTO and interprovincial trade agreements.

- **Art Bank** — now optional.
- **Architectural & Engineering Services (PWGSC)** — optional since 1992.
- **Central Travel** — a number of administrative improvements notwithstanding, use of the selected government travel agency is still mandatory. This remains a concern, particularly among regional managers.

Real property

The task force made a number of recommendations to allow tenants greater flexibility and autonomy. A variety of experiments has included the use of a major private sector contractor for tenant services. A few managers expressed dissatisfaction with the service but it did not seem to be a major irritant.

Classification

The existing classification scheme was introduced in 1968 as a major advance. By 1973 its complexity was already a serious concern and, over the years, would become a major frustration to many managers. The PS 2000 task force proposals were less radical than some would have liked, shaped in part to make them more palatable to the unions and thereby easier to introduce. The changes proposed were nevertheless major ones:

- elimination of occupational "categories", which had tended to enshrine a caste structure;
- a drastic reduction in the number of occupational groups, from 72 to 24 (and from 106 subgroups to 28), with one, the GE group, to comprise much of the public service;
- some reduction in the number of levels;
- a common rating plan; and
- a three-page limit on job descriptions.

After some false starts and considerable controversy over the past nine years, it appears that a new scheme will soon be in effect. It will be similar to what the task force originally proposed, though with more levels and certainly much longer job descriptions (some managerial optimists believe that both these aspects can be adjusted later).

Managers interviewed are worried about the amount of work involved in the transition, but most seem convinced that the result will be a substantial improvement. They see it as eliminating a large proportion of classification and staffing actions, facilitating operations and career development through greater mobility, and in some measure opening up specialist bailiwicks to other skill sets.

Staffing

PS 2000 recommendations focussed largely on giving managers some new or increased flexibilities in recruitment and internal resourcing.

The task force also seemed inclined to move the role of the Public Service Commission into overseeing the process more than setting the rules. It argued, for instance, that management and not the PSC should have the right in law to:

- decide when to recruit from outside the public service. This move was not pursued because the PSC argued that it could weaken the notion of a single public service and the obligation of one department to take account of the situation in others. In practice, the PSC does delegate this decision to deputy ministers.

- set the selection standards for each occupational group. This also was not pursued because the PSC argued that selection standards determine the basis for assuring merit. So the Treasury Board remains responsible for determining each group's classification standards and the PSC for setting the selection standards.

While managers interviewed recognize the value of the changes that have resulted from PS 2000, many are still frustrated with the staffing function, particularly the time and effort it still takes to fill positions by competition. In fairness, this may reflect on the limited scope of the PS 2000 recommendations as much as or more than on the Public Service Commission.[12]

Flexibilities in recruitment

Use of temporary help agencies. This had been a fast way to meet short-term needs but had been limited to eight-week assignments. The limit was increased to 20 weeks and use appears to be heavy.[13]

Casuals. A firm legislative basis was provided for the swift and simple acquisition of staff to meet temporary requirements, though with certain safeguards built in:

- To avoid the emergence of a parallel labour force, casuals can be appointed for a maximum of only three months, extendable for a further three months.

- To avoid having this become a back-door entry into the regular public service, casuals are not eligible for internal competitions.

After the *Public Service Reform Act* was proclaimed, the number of casuals increased rapidly to over 4,000 in 1996, and then levelled off. Most departments use casuals, essentially replacing the former use of term appointments shorter than six months.

An official with a major union indicated that there were still substantial concerns in cases where casuals are employed to do work normally done by their members. Officials of smaller unions seemed less concerned. Public service managers tend to feel that using casuals has not generated significant problems, and the PSC estimates that fewer than five complaints are lodged each year against casual appointments. That over 10 percent of recruits into the public service have previously held casual jobs, however, may indicate that casual employment in some cases constitutes a *de facto* probation period — not necessarily inappropriate, if the original assignment was legitimately casual.

Employment equity programs. The *Public Service Reform Act* gives the PSC the power to approve programs that redress imbalances. Between 1994 and 1999 it approved 19 such programs in 13 departments. Previously, it could approve such programs only by using its power to set aside certain provisions of its legislation, thereby opening itself up to criticism that it was doing something inappropriate and not anticipated by Parliament.

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[12] "Limited scope" in the view of managers, but in 1990 the changes went much too far for the Professional Institute, which demanded that the staffing report be disavowed and for some months refused to discuss any aspect of PS 2000.

[13] Treasury Board officials suggest that a rough measure of usage is the $114 million found in the 1998–99 Economic Object 484–Temporary Help Services.

Potential. The legislation now recognizes that candidates can be assessed on the basis of not just the qualifications required for a specific position but also the longer-term needs of the public service. This has facilitated the creation of developmental programs.

Use of technology. The task force argued that external recruitment could be improved by greater use of technology. Now 65 to 70 percent of applications are submitted via the Internet, and the recruitment Web site attracts over 600,000 visitors monthly. The Internet carries 80 percent of priority clearance requests, and 30 percent of those cases receive immediate clearance to staff the position.

Flexibilities in internal resourcing

Deployment. A new provision in the law makes it clear that employees can be redeployed, with their consent, to other duties at a comparable classification level without difficulty, and the rights of other employees to challenge such moves are very limited. This provision is widely used, and of the few complaints lodged with the PSC, hardly any have been upheld (15 over the last three years). Union officials describe the experience with deployments as mixed, and point out that the paucity of complaints is due largely to the limited grounds on which complaints can be based.

The task force also recommended that departments establish assignment offices to facilitate deployment among organizational units and that a central office be established to facilitate interdepartmental deployment. Many departments apparently have done this, and so have some committees of regional managers.

Promotion without competition. The PSC has traditionally authorized promotions without competition in certain circumstances (for example, after a position is reclassified). The task force argued that promotion of employees who have entered a development program on the basis of merit should be possible without competition as they achieve the qualifications required for higher levels. Under section 10.2 of the *Public Service Employment Act*, regulations now spell out 11 circumstances where promotion without competition is permitted. The PSC estimates that the proportion of promotions under this provision has remained steady during the 1990s at around 40 percent.

Security clearance. This had been a significant irritant, capable of seriously delaying the staffing of sensitive jobs. The burden was eased by making clearances transferable from one department to another, extending the need for many updates from five years to 10, and introducing technology that allows clearances at levels 1 and 2 to be authorized in 30 days rather than four months.

Other selected recommendations

Release on probation. Public servants had been obliged to return to probation status every time they took on a new job throughout their career; in principle, they then ran the risk of being released for poor performance without a right of appeal to a third party. The task force considered that after satisfactory performance in the first appointment, employees who could not handle a new level of responsibility should be moved back to the kind of job they had done well or to another they could perform competently. No manager interviewed for this report indicated any concern over this change.

Requirement of disclosure to appellants. For a long time, bargaining agents had argued that fewer unsuccessful candidates would file appeals if they were informed adequately about why another candidate had been selected. The task force supported this thinking. Disclosure seems to be more routine now, and the PSC thinks this may account for the rising proportion of appeals that are withdrawn. At the same time, however, the rate of appeals that are pursued and the proportion upheld have proved remarkably resistant to change — in both 1990-91 and 1998-99, appeals were filed against about 16 percent of appealable selections, and about 14 percent of the appeals were upheld.[14]

Length of acting appointments. The task force was concerned about lengthy acting appointments, noting that they were "seen as a major unfairness in the system and should be avoided." This has been a persistent problem for decades, and some of those interviewed attribute it to managers' desire to evade the time and effort of competitive processes as long as possible. The practice seems to be frequent at all levels. As recently as December 1999, the PSC President complained to his deputy ministerial colleagues about the length of time some executives spend in acting positions and the impact this has on the outcomes of competitions.

Staff Relations

The Task Force on Staff Relations essentially concluded that not much was fundamentally wrong with the collective bargaining regime. It produced a useful but undramatic set of changes, a good number of which were enshrined in the *Public Service Reform Act* of 1993. The suspension of collective bargaining for much of the 1990s left little opportunity to test the value of these changes.

The most far-reaching recommendation in the task force report, put forward somewhat tentatively, was that the application of the proposed new classification plan be subject to adjudication. To the disappointment of the unions, the Treasury Board rejected this recommendation.

Essential worker designations and exclusions from bargaining

The task force recommended that decisions about who should be deemed essential and therefore unable to strike, as well as those excluded from union membership, should be based on positions and not persons. This recommendation was accepted; in effect it means that new people appointed to existing positions automatically assume the status of their predecessors. Previously, the challenge process could begin again with each new employee in the position.

Union leaders interviewed see this as a positive change that has brought greater stability.

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[14] A PSC study in September 1997 concluded that the rate of appeals may have less to do with actual deficiencies in staffing and more to do with "management style, communication, organizational culture and workplace environment." The study further revealed that most appellants found that their work environment worsened after the appeal was over.

Numbers of exclusions

Concern arose over the paucity of managerial exclusions, particularly in some highly operational parts of the public service, whereas too many non-managers were excluded because their work gave them access to confidential information. As a result of this concern, changes have occurred:

- In December 1992, there was one managerial exclusion for every 23 employees; by January 2000 this had risen to one for every 20.
- Confidential exclusions dropped from one for every 30 employees in December 1992 to one for every 90 in January 2000.

No managers interviewed complained about the enormous drop in confidential exclusions. Some regional managers were adamant that there has been no increase in their managerial exclusions, because their top management have been unwilling to invest the necessary effort.

Notice to bargain

This was extended from 60 to 90 days, and both managers and union leaders generally see this as useful.

Scope of arbitration

PS 2000 recommended that the scope of arbitration be equal to the full scope of collective bargaining. The government accepted this and the unions favour it, but this round of bargaining has no arbitration option.

Release for cause

There was concern over the unwillingness of managers to confront and resolve cases of continued poor performance. It was believed that this might be caused in part by the confusion over whether a case was one of incompetence or incapacity, which would bring it under the purview of the Public Service Commission, or for other causes, which would bring it under the grievance machinery. It was decided to merge the former with the latter.

There is no clear evidence that this streamlining has had any impact (47 releases for cause in 1998-99 — somewhat lower than in 1990-91, even allowing for the larger public service population back then). On one hand, some managers believe that the apparent lack of change may be due to some of the poorer performers having been induced to take up the departure incentives offered during Program Review. On the other hand, managers repeatedly noted that the process of firing someone for poor performance takes so long, is so disruptive and stressful for the work unit, and has such an uncertain outcome that managers who have gone down this path are very reluctant to do so again, regardless of how much the circumstances might warrant it. Union leaders are inclined to attribute managers' problems to a lack of adequate training.

Other recommendations

- Bargaining agents have not been given the right to be consulted on the appointment of the top two levels of the Public Service Staff Relations Board (a prime ministerial prerogative).

- Departments' role in bargaining has not been enhanced for the current round, nor has the notion of two-tier bargaining been introduced (though it remains under review).

- Departments still are not often given the opportunity to handle grievance adjudications in their sphere of authority, though none of those interviewed took umbrage at this.

Compensation and Benefits

The PS 2000 recommendations envisaged a pay system more structured on payments for results, a cafeteria-style approach to benefits, stronger award and recognition programs, better provision for mobility, and a wider array of career options. Progress in this area has been limited.

Payment for results

The task force floated the idea that a significant part of compensation should be linked to performance through "performance rewards" or productivity gainsharing — payments that would have to be earned each year. Most unions made it immediately and abundantly clear that they wanted no part of this. Following the end of the wage freeze, progress has been made at the EX level with the 1999 introduction of the Performance Management Program, this year allowing for payments of up to 10 or 15 percent above regular salary (depending on classification level) for performance against key commitments. The payments must be earned each year.

Award and recognition programs

Aside from a number of corporate programs suspended for several years in the mid-1990s, there has been considerable progress on this recommendation. Over the decade, new corporate programs were created (for example, Head of the Public Service Awards, and ceremonies to recognize new EX appointments). Most departments now have in place and routinely use their own programs.

Cafeteria-style benefits

The unions were opposed to this. The notion of being able to shift their mix of benefits has held some appeal for the EX community but nothing has been done yet.

Mobility policy

PS 2000 was concerned at the mobility policy's seeming inadequacy at encouraging public servants to relocate. The policy has remained unchanged, but following a study by a joint labour-management committee it appears that change is imminent.

Increasing personal choices

Several of the task forces concluded that employees in the public service should be able to pursue a greater variety of career paths. Some recommendations sought to encourage managers to make more use of existing policies; others proposed policy changes.

Part-time employment. Managers were perceived as disinclined to permit part-time employment because it did not fit the normal workday patterns. The policies were perceived as unfriendly to part-timers. The 1992 revisions to the pension legislation gave more part-timers access to benefits (previously they had had to work at least 30 hours a week to have such access; now it is 12 hours). Since the change, 5,303 part-time employees who had worked fewer than 30 hours have opted into the pension plan. Despite the policy change, the attractiveness of part-time work to employees and/or the willingness of managers to accommodate it has increased only modestly. In 1991, indeterminate part-time employees represented 2.3 percent of the indeterminate Public Service, rising to 2.5 percent in 1993 and to 2.8 percent in 1997 (latest figures from TBS).

Job sharing. Historically, this has been rare; notwithstanding support from PS 2000, there is no evidence of increased use.

Special leave provisions. Leave with income averaging was introduced in 1995 for a three-year period (now renewed); 5,509 employees have used it. Further, with pre-retirement transition leave, those who would be eligible to retire within two years on a full pension can work fewer hours without affecting their pension entitlements. There has been little take-up, perhaps due to ignorance of the provision among those who would be eligible; two regional managers said they would have considered the option had they known of it.

Leave without pay. This has been available for a long time, but employees were obliged on their return to very quickly pay their own and the employer's contributions for the period of absence. The payment schedules have now been eased substantially and employees now also have the option of not counting most of their leave as pensionable service (which would considerably reduce the payments they would have to make). Take-up figures are not available.

Telework. While there are no public-service-wide figures on usage, those interviewed suggested that the number of employees working most of the week out of their homes has not increased much. At the same time, it seems that managers are now much more relaxed about allowing subordinates to work at home, when warranted by temporary family circumstances or the need to escape office interruptions. At least one department provides older models of computers for work at home when replaced in the office by newer equipment. Some keep a number of laptops that can be signed out to staff for work at home, enabling them to hook up to central e-mail and local area networks.

Management Category

PS 2000 envisaged an executive cadre that would be smaller (fewer levels) and more mobile (appointment to level), would share a common philosophy of management, and would be supported by training in leadership and other skills and a supply of good replacements to fill vacancies as they arose. The implementation was uneven.

Reduction in levels

It was proposed that the five levels of the Management Category be reduced to three. Aside from the unease this created among executives, there was also disagreement over which levels should be merged. In the end, in recognition of their particular unhappiness, the Senior Manager group was merged with the EX 1 level but no other classification changes were made. To seek the same objective differently, the PS 2000 White Paper stated:

> The Government is committed to reducing the number of layers of senior management. This means that for most departments the number of senior reporting relationships below the Deputy Minister will not exceed three...

The number of EXs was cut by 10 percent in 1992 and the population at the assistant deputy minister level was reduced by about 50 during the Campbell restructuring in 1993.

The number of management levels in some departments has decreased. Certainly, more regional heads report directly to their deputy minister now than in 1990. There is now only one manager between each Human Resources Canada Centre and the Deputy Minister of that huge department. Several of those interviewed said that particular EX levels had been eliminated in their part of their department.

Appointment-to-level

The task force recommended that appointment-to-level be adopted for the whole EX group. After considerable debate, the decision was to proceed cautiously, beginning in 1992 with a modified form for the ADM level. Its application has now been expanded with the creation of the ADM pool, part of the La Relève initiative. A similar path may be starting at other EX levels with the creation of the Accelerated Executive Development Program.

Common management philosophy

See the next section of this paper, "Accountability."

Developing managers in feeder groups

The task force worried about the management ranks below the executive level and also about where high-calibre replacements would be found for executives retiring in 2000 and beyond.

- The joint TBS/PSC "Profile of the Public Service Manager" issued in late 1990 laid out the types of skills required in managers at various levels (at the EX level, this would eventually mutate into La Relève's 14 competencies).
- The task force endorsed the Treasury Board proposal for the Management Trainee Program (MTP), created to attract Canada's best postgraduate students into the public service. The MTP was launched in 1991-92 with the goal of 100 recruits a year, who would then undertake a variety of assignments over several years. While there were setbacks during Program Review, 543 had entered the program by the end of 1998-99. Three of those had reached the EX level, 30 were one level below EX entry and 94 were two levels below. The separation rate has averaged a modest 2.9 percent a year.

Staff Training and Development

Rereading the PS 2000 material, it is evident that training was seen as a critical tool to help achieve all kinds of objectives, including the implantation of lifelong learning.[15] The task force that studied training and development produced more recommendations than any other; moreover, most other task forces included recommendations for training in their subject matter areas. It was strongly believed that the public service was not investing enough in training, nor was the mix optimal.

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[15] A recent CCMD draft paper "A Public Service Learning Organization" credits the report of the PS 2000 Task Force on Staff Training and Development with being the first in the public service to call for a "culture of continuous learning."

Most managers interviewed have seen no substantial increase in the volume of training over the past decade, though they did say that the mix has changed substantially. Some were very negative about the state of training: they pointed to its loss of priority by 1995; the decline in the number of training professionals to assist managers; drastically reduced training budgets; staff at Training and Development Canada and CCMD slashed; and so on.[16] Others saw more positive signs — the impressive management of training and development in some departments (like Statistics Canada, Revenue Canada); the recent rapid advances in others, like Health Canada; the interdepartmental capacity being developed in the Nova Scotia Region; and some of the exciting programs at CCMD. It seems that the management of the training function varies widely in quality from one department to another, and even within departments.

Quantity of training

Departments were encouraged to establish a policy for resourcing training and development, consider adopting a departmental rule-of-thumb for the average amount of training an employee might expect to get each year, and aim to increase that amount over the following five years.

In the early 1990s, quite a few departments acted on this encouragement. Some felt compelled to cut back sharply during Program Review, but certain of these have since managed to bounce back. For example, training expenditures by Agriculture and Agri-Food Canada fell to below 2 percent of salaries from 1995-96 through 1997-98, but rose to 4.6 percent last year. HRDC managed to maintain a training investment of 4 to 6 percent throughout the 1990s. Health Canada recently placed a high priority on training, with annual expenditures of some $10 million overseen by an ADM-chaired committee.

That said, there is no information system showing the extent of training in the public service, nor are there any accepted definitions by which departments collect data. What is known is that expenditures on corporate training (PSC and CCMD) amount to a small proportion of what departments spend on internal training or what they buy from outside organizations.

Mix of training

The various PS 2000 task forces called for more priority on training for the scientific community and in:

- service to the public;
- information technology;

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[16] The Human Resources Council's Sub-Committee on Learning and Development summarized its views in a 1999 report, *Barriers and Incentives to Learning*, as follows:

> We are still in the fall-out phase of Program Review, which resulted in a decreased emphasis on learning and development support…Learning activities were perceived as 'soft' expenditures and fell prey to the exacting edge of fiscal restraint. Gaping holes have been created in the learning infrastructure during the 1990s and organizational biases against learning activities have been amplified.

- cultural diversity; and
- human resources management, including staff relations and handling the poor performer.

Those interviewed said that more training in the first three areas is provided now, particularly in IT. Training in the scientific community was the subject of many PS 2000 recommendations, and a lot of good work ensued under the leadership of an ADM from the scientific community; the momentum seemed to stall during Program Review but has picked up again. Indeed, one of the more encouraging developments is the emergence and strengthening of functional committees that examine the needs of their communities (computer specialists, information officers and so on).

General managerial training may have declined with the termination of compulsory orientation programs during the mid-1990s. If so, training targeted more at specific managers or specific aspects of management may have replaced it. One manager in a department where union-management relations have been troubled noted that training developed jointly with the union in this area is currently a priority. Others suggested that the handling of harassment cases, mediation skills, mentoring and leadership are higher priorities now than a decade ago.

One union leader was encouraged by the amount of joint training on health and safety, harassment, the universal classification system and employment equity, mentioning specifically National Defence and Correctional Service Canada.

Personal learning plans

The task force anticipated that at least annually managers would review immediate and longer-term needs with each employee, decide what could be done over the following year, and then manage the organization to achieve it. This is likely still a hit-and-miss affair, although the evidence shows mixed results:

- The 1999 employee survey indicated that 72 percent of public servants think they generally get the training they need.
- The same survey indicated that 48 percent of supervisors do a good job of helping employees develop their careers. Earlier the same year, a survey of public service knowledge workers found that only 22 percent of supervisors "overtly focussed" on the careers of their subordinates.[17]
- Statistics Canada has established an excellent reputation for helping staff learn beyond the confines of the present job and for having probably the first and best assignment program.
- In 1997 HRDC issued a guide to employees on the competencies required generally and for specific job groups.[18] At least one region subsequently gave each employee a booklet on how to develop learning plans.[19]
- Clearly there are good local initiatives, such as the 2005 program in the Atlantic regional office of Environment Canada. Staff there are asked to identify where they want to be in five

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[17] Duxbury, Dyke & Lam, "Career Development in the Federal Public Service".

[18] HRDC "Competency-based Management: Info Kit".

[19] HRDC–Nova Scotia Region, "My Personal Learning Plan Kit," 1999.

years; this becomes a basis for discussing how reasonable their goals are and what the organization and the individual can do to achieve them.

- A recent CCMD survey of managers[20] indicated that around 64 percent of work units had learning plans but that most managers did not have learning plans for themselves.
- A 1998 APEX report offers this dry observation:

> . . . there is not a strong culture of management responsibility for assisting individuals in career planning.[21]

Career counselling

In the early 1990s many departments (and later the regions) set up learning centres where employees could get information to help them think through their career plans. Most centres have survived the mid-1990s.

Progress has been slower on the proposal that the PSC set up a professional counselling capacity to assist public servants at all levels. Some departments did establish career counselling centres, and the PSC created a service for executives and feeder groups that today sees about 350 clients a year. Mentoring now seems to be a more common form of career assistance, sometimes built into developmental programs and sometimes organized within particular departments — for example, the PCO, where apparently 10 percent of employees have mentors.

Incentive for self-development

Back in 1990, it was customary for managers to pay the full cost of training related to the present job, but only part of the costs of education pursued outside regular hours. One task force argued that this was shortsighted and that paying the full tuition was a good investment, even for educational courses unrelated to the mandate of the unit or department. The policy was changed and presumably more employees have benefited, although there are no statistics to support this. It is known that some regional managers have had to put a cap on this spending because extensive use by a few employees can empty a small training budget.

Evaluation of training

For years there was a suspicion that some training was not worth much or was given to those who would not benefit from it. The sceptics were not impressed by the positive results when participants were asked on completion of a course what they thought of it.

The PS 2000 Task Force on Staff Training and Development insisted on the need to improve the assessment of training requirements and the validation of course content and means of delivery. In 1992, the Heads of Training issued a paper, "Value for Money in Training."

Today, validation of corporate training programs and large-scale training in operational departments goes well beyond "happiness sheets." However, the task force may have underestimated the cost of assessment and validation and the expertise they require, particularly in "softer", smaller-scale training and development. The cost of sound assessment and validation may well dwarf the cost of the training in question. In such circumstances, most managers seem satisfied with checking out the reputation of the deliverer, the course description and reactions of any who previously took the course.

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[20] CCMD Learning Organizations Survey March 6, 2000.

[21] APEX *Time for Moving Ahead* February 1998.

Accountability

Every major reform initiative makes accountability a major theme, and PS 2000 was no different. Aspects of accountability surfaced in task force reports and in most speeches, and had a central place in the PS 2000 White Paper. Much of the thinking built on Glassco and Lambert, and parallelled later work such as the 1998 joint paper by the Treasury Board Secretariat and the Office of the Auditor General, "Modernizing Accountability Practices in the Public Sector."

Out of the many PS 2000 recommendations emerges a reasonably comprehensive model. The degree of consensus on how close the public service was to the model is unclear. It is interesting to note, for example, the comment that follows the most elaborate exposition of the PS 2000 accountability structure:

> While the accountability system described earlier may sound revolutionary, it simply represents the integration of various processes currently in place in all...departments.[22]

There have been useful advances on specifics but the overall results, as many managers agree, are not very impressive. There is a feeling that significant advances must still be made before there are satisfactory accountability practices across the public service.

Common Management Philosophy

The PS 2000 Task Force on the Management Category observed:

> Efforts to define a management philosophy or set of values and operating principles to guide the actions of public service managers should be continued...These values should encourage managers to empower their employees and to foster work environments in which creativity and initiative, trust and teamwork, and excellence in the delivery of government services will flourish.[23]

The PS 2000 White Paper of 1990 was itself an early attempt at developing a common philosophy, laying out a mission statement and management principles. Further efforts have included:

- the Report of the Task Force on Public Service Values and Ethics, "A Strong Foundation" (1996), which the authors hoped would "help the public service think about, and, in some cases, rediscover and understand its basic values and recommit to and act on those values in all its work"; and
- the Treasury Board report, *Results for Canadians: A Management Framework for the Government of Canada* (2000), in which the President of the Treasury Board asserted, "While *Results for Canadians* does not represent a radical shift in public service management, it does

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[22] Report of the PS 2000 Task Force on Resource Management.

[23] Report of the PS 2000 Task Force on the Management Category.

integrate the best of current management practices and priorities for change into a coherent whole."

It is perhaps sobering to note that as far back as 1979, the D'Avignon Report focussed its first five recommendations on the importance of establishing a philosophy of management.

Matching Authority to Responsibility

> ...departments should ensure that...the authorities granted managers are commensurate with their responsibilities.[24]

In the early 1990s a TBS survey documented the increased delegation of administrative authorities within departments. However, some managers interviewed in this study suggested that a partial retrenchment took place during the initial phase of Program Review, though in both 1995 and 1997 the Treasury Board apparently pressured departments to delegate more. One manager spoke of "re-delegations" having occurred over recent months.

To assist managers in handling their responsibilities well, the Treasury Board has given high priority to developing guiding frameworks on management,[25] on modern comptrollership, on service to the public,[26] and on human resources management.[27]

Personal Accountability

> All departments and agencies, if they have not done so, should implement an integrated accountability regime focussed on personal accountability for the achievement of results.
>
> — Resource Management Task Force

> Each manager will be expected to have an agreed statement of anticipated results and performance standards.
>
> — PS 2000 White Paper

These statements imply the use of some sort of accountability or managerial contract between successive levels of management, as had already existed for some years in departments such as CEIC. It was anticipated that such tools would soon be adopted across the public service. However, most of those interviewed at the regional and head office levels acknowledge that progress was slow at first and then was set back by Program Review. It began in an effective way only with the introduction of the Performance Management Program for EXs, which requires that key commitments be set. It is worrisome that it took a financial inducement (pay at risk) to achieve progress on what many would see as a basic element of any good accountability regime.

Performance Appraisal

PS 2000 task forces placed a heavy priority on performance appraisal as a vehicle for a number of specific objectives:

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[24] Report of the PS 2000 Task Force on the Management Category.

[25] "Results for Canadians: A Management Framework for the Government of Canada" Treasury Board 2000.

[26] "Achieving Citizen/Client Focussed Service Delivery: A Framework for Effective Public Service Organizations" Treasury Board 1997.

[27] "Framework for Good Human Resources Management in the Public Service" Treasury Board Secretariat (undated).

> While current planning processes are generally used to identify results and resources at an organizational level, the establishment of objectives as part of the appraisal process personalizes these plans. In effect then, ... the appraisal system provides a means for both establishing targets and objectives at the personal level, and holding individuals accountable for achieving them.[28]
>
> Performance appraisals at all managerial levels should take into account the importance of good people-management practices.[29]

Managers interviewed in this study reported an uneven record in the completion of appraisals, with some departments much more vigilant than others. Many appraisals still tend to focus on general performance rather than on progress toward pre-established goals. Maybe if the Performance Management Program at the top of the hierarchy is sustained, the example will trickle down over time to all levels.

Upward Feedback/360 Degree Appraisal

The use of tools such as upward feedback and 360 degree appraisal was advocated in recognition that managers can give their supervisors one impression and their peers and subordinates quite another.

> For all members of the Executive Category, and starting with deputy ministers, the views of subordinates on the quality of leadership supplied over the appraisal period should be taken into account by those responsible for the evaluation.[30]

Such tools were used widely over the 1990s. By 1996, Consulting and Audit Canada alone had conducted processes whereby some 10,000 public servants provided upward feedback on some 2,000 managers. This practice may be declining, due to the costs involved and the restrictions on how the results can be used without disclosing to the managers who said what.

Performance Rewards as Part of Compensation

See this paper's section on Compensation and Benefits, under Achievements From PS 2000 Recommendations.

Increased Transparency

PS 2000 favoured increased transparency in the public service, stressing the need for better consultation and communication. Two examples of progress are:

- the legislative obligation of the Clerk of the Privy Council[31] to submit an annual report on the state of the public service to the Prime Minister, who is required to make it public; and
- the setting and publicizing of service standards. Most departments claim to have made progress; some have published their service standards on their Web sites.

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[28] Report of the PS 2000 Task Force on Resource Management.

[29] Report of the PS 2000 Task Force on Service to the Public.

[30] Report of the PS 2000 Task Force on Workforce Adaptiveness.

[31] The 1993 *Public Service Reform Act* also designated the Clerk as Head of the Public Service, which confirmed in law what had been largely understood theretofore.

There has been an explosion of information made available to the public. The literally hundreds of Web sites set up and maintained by departments are evidence of this; so are the already-mentioned one-stop-shopping endeavours and the project to improve reporting to Parliament on performance.[32]

Reinforcement Through Training

> Core coursework for supervisors and managers should include PREA (performance review and employee appraisal) skills.
>
> — Task Force on Workforce Adaptiveness

Some training of this kind is provided in some parts of the public service but there is little evidence that it is widespread.

Reinforcement Through Audit and Evaluation

Several task force reports stressed the need for audit and review, sometimes explicitly ("The PSC should monitor and, as required, audit departmental promotional practices") or more implicitly ("Deputy ministers should be held accountable for their department's consultative performance").

Unfortunately, the audit and review capacity in the public service was reduced substantially, largely as a result of Program Review. For instance:

- In 1990 there were about 700 internal auditors and an internal audit budget of about $40 million; now both are at half those levels or lower.
- The PSC no longer audits, on a regular cycle, each department's use of the authorities delegated to it, favouring instead public-service-wide theme audits and departmental self-assessments.
- The Treasury Board Secretariat has little ability to find out how departments are applying Treasury Board policies. Plans are under way to introduce "active monitoring", a practice that would, among other things, require departments to give the Secretariat routine access to their internal audit reports.

Conclusions

Many PS 2000 recommendations have been implemented, and managers generally do not want to see any of them rolled back. Work continues on many others. This is strong evidence that the messages were basically sound.

Most encouraging have been:

- the greater stress on service to the public;
- the transformation of common service agencies from controlling to servicing departments;
- the lessening of frustration over excessive procedures, centralized controls, and numbers of submissions (in 1990 there were over 10,000 submissions to Treasury Board, compared with about 1,300 in 1999); and

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[32] Two fine examples of this are the 1999 performance reports submitted by the RCMP and the Transportation Safety Board, outlining objectives, indicators, achievements, funding, major issues, information on Web sites and e-mail/fax/phone numbers.

- the first reform of public service human resources legislation in 25 years, making possible a number of useful changes.

Some of those interviewed in this study believe that PS 2000 made another important but less obvious contribution — broader acceptance that questioning the usefulness of rules and procedures is appropriate behaviour for public servants at all levels.

The chief disappointment has been the failure to make a major breakthrough in human resource management. Specific improvements, while welcomed, have clearly not constituted the shift that many had sought. Ten years after the task forces reported, promotion processes still take a very long time, a single appeal can bring to naught a huge competition,[33] the classification system is still unreformed, investment in learning is still lower than many think it should be, and union-management relations still appear rocky.

Also disappointing have been the slow progress in implementing accountability mechanisms and the decline in the capacity of central agencies to determine the impact of their policies and delegations in departments.

Certainly the disappointments can be attributed in significant measure to the disruption and stresses engendered by Program Review. However, it would likely be wrong to put all the weight on this one factor, since some recommendations that were not implemented well had been recommended by other studies long before PS 2000.

As another measure of change during the 1990s, most managers interviewed for this study were asked whether their world of work has become easier or tougher. A minority feel it has become easier, citing increased flexibility, more time to spend on what is important, and more interesting work. The majority consider their situation tougher, with increased workload the primary cause. They see the workload increase as not simply a question of doing the same or more with fewer resources; it has been accentuated by new factors:

- more rapid response times expected because of e-mail;
- the special time-consuming demands of greater citizen engagement; and
- the growing need to consult/co-ordinate/communicate/partner across many federal departments, other levels of government, and the private and non-profit sectors.

Managers seem to be encountering real stress as they wrestle with the imperative of getting results and the need to manage people well, while, as usual, matters of short-term urgency pre-empt longer-term matters of equal or greater importance.

Despite what has been accomplished, in my view it is fair to conclude that PS 2000 did not live up to initial expectations. Part of the cause is that it generated expectations beyond the scale of the exercise; a large part must be attributed to the unexpectedly hostile environment that materialized; and no doubt part can be — and has been — attributed to weaknesses in the management of the initiative and the unsettling activities of other players.

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[33] The cost of appeals to departments in terms of the time required of managers, human resource specialists and appellants can be very high. A 1998 report by Revenue Canada estimated that in 1997 each of its 620 appeals cost it on average $14,120 — an overall cost of nearly $9 million.

Some Reflections

With the full benefit of hindsight, what lessons for the future do I draw from PS 2000? What forces should not be underestimated, overestimated, or simply misunderstood?

Accountability Measurement — Who Wants/Needs How Much?

I must confess that my many years of public service have left me somewhat perplexed about the perennial issue of accountability. It seems to me there is wide agreement on:

- who is accountable to whom for what, with the emphasis on the accountability of those exercising delegated authority to those who have delegated the authority; and
- what are the normal building blocks required to bring accountability to life in a management context (performance indicators, clear and agreed goals, reliable information, regular review, adjustment of goals, rewards or sanctions).

There is probably even fair consensus on the special difficulties of assembling these building blocks in a public service setting. These would include:

- the conceptual and measurement problems presented in many of the "softer" areas of public administration;
- the increasing interconnectedness of public service activities and the consequent complexity of assessing and attributing performance.

And they might include more self-inflicted problems, such as:

- the disruptive impacts of frequent reorganizations[34] and program changes; and
- the lack of continuity in leadership.

These special difficulties have financial implications. How much effort and resources should be spent on gathering imperfect information that is hard to interpret? Presumably, the response is a judgment call that varies from case to case, with large and measurable operational areas yielding much more that is worthwhile than do smaller or less measurable areas. The eventual collapse (here and in other jurisdictions) of results-based systems such as PPBS, ZBB, MBO, and OPMS may be a humbling reminder of the limitations of applying grand templates to the diversity of the public service.

Where the main complexity and confusion arise for me — and I suspect for many others — is more in the dynamics and interplay between this management orientation and the realities of our adversarial and partisan politics. Do parliamentarians have the time and the desire to hold the government to account for the quality of public administration, except when Opposition members sense a means of embarrassing the government?[35] Do they have the stomach to dig deeply and methodically into the state of management in each department, the quality of service delivery, the adequacy of operational information, the appropriateness of productivity levels, and so on? My experience tells me that it would be hard to answer these questions in the clear affirmative. Do most ministers really pressure their officials to help them set up and publicize service standards and precise achievement targets, or do they understandably perceive the political risks of doing so? Although the February 1994 Budget claimed, "The government will establish and publish by 1995 standards of service for each government department," it is worth noting that five years after the deadline this has still not been achieved.

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[34] The propensity for reorganization seems endemic to public administration, with plenty of historical evidence going back to Petronius' comment about being reorganized each time he had just learned his task. Unfortunately, I am less aware of studies documenting the enormous costs that result — financial, personal, systems, client relations…

[35] Professor Yehezkel Dror of the Hebrew University of Jerusalem at an OECD conference in the early 1980s asserted, "There is no measurable correlation between the quality of public administration and the re-electability of governments."

In what has likely been the most remembered statement in its report, the Lambert Commission argued:

> Accountability, like electricity, is difficult to define, but possesses qualities that make its presence in a system immediately detectable. To touch a live wire in a circuit is enough to establish the presence of electricity…The shock of recognition that attends the presence of accountability in a system of government may not be quite as direct, but it is nevertheless detectable.

Part of the analogy's power may lie in the recognition that accountability, like electricity, flows around a circuit and is only as strong as at its weakest point — that the supply of accountability will in some way match the demand. What is demanded, the supplier will try to provide. Put another way, subordinates generally adjust to the priorities of their superior.

One well-respected regional head interviewed for this report acknowledged that until very recently there had been no formalized process of setting out goals agreed to between levels of management, and there were still no service standards. Yet he had no doubts about what his minister and his deputy minister wanted and no doubt that his subordinates knew what he wanted; all managers understood that they would be held to account generally for delivering on expectations. He seemed very sceptical about the added value of more documentation and procedures. The record of the 1990s would suggest that this view is widely held.[36]

I realize that these comments raise questions about the current model of accountability (should, for example, more consideration be given to adopting concepts such as accounting officers or executive agencies?) and about the roles of central agencies and the Auditor General. I do not have good answers to offer.

Executive Agencies — A Missed Opportunity?

As noted already, the reformers in the early 1990s were curious about the more radical reforms in New Zealand and elsewhere but were not convinced that a general program of separating operations from policy was warranted here. I think that their caution was wise. Nevertheless, some actions during the early 1990s, and others more recent, might be viewed as moving in this direction. Some generally small revenue-generating activities in departments were converted to special operating agencies (SOAs) with more autonomy from some of the usual controls. There never was a clear concept of what these SOAs represented — laboratories for testing out administrative changes, precursors of a more general move to executive agencies, or intermediate steps toward privatization? Some SOAs now seem to be managed in a manner that is once again essentially indistinguishable from regular departmental units.

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[36] And not just within the public service. Henry Mintzberg and others have written along similarly sceptical lines.

Similarly, it is unclear what the three more recent and much larger alternative service delivery initiatives (CCRA, Parks, Canadian Food Inspection Agency) portend for the evolution of the public service. Is this a second, more ambitious move toward executive agencies?

At some point, an explanation of the longer-term significance of these innovations might be helpful to those in the public service and to outside observers. It also seems crucial that some hard-nosed benchmarking be done to determine whether the countries that rely on executive agency models are getting demonstrably better results than we are here. If so, are their results sufficiently better to justify the downsides that some have detected? These include highly visible conflicts between agency heads and ministers, politicization of the senior public service, short-term time horizons, a focus on the measurable elements in the agency head's performance contract to the detriment of other elements, and less horizontal co-ordination.[37]

Streamlining Corporate Human Resource Responsibilities — Another Missed Opportunity?

It was a mistake for PS 2000 to back away from this long-standing, troublesome issue without at least exploring in depth the potential dynamics of alternative delivery arrangements and the experience of other countries that earlier had adopted different structural models. As a former Public Service Commissioner I remained convinced for many years, despite the views of the Glassco and Lambert commissions, that the problem of split responsibilities could be overcome by some means short of major structural change. However, central agencies over the past 20 years have sought to find such means and yet the problem has not been overcome.

Serious weaknesses are perceived in the human resource function, and various important voices attribute them to the division in responsibilities:

> For some time now, the PSC's mandate…has been seen by many as containing inherent and fundamental conflicts…In our opinion, this is a significant governance issue (federal executives).[38]
>
> The governance of learning in the public service is just as fragmented and unco-ordinated as the remainder of the human resource government system. There is no clear direction for public service learning nor integration of service delivery (human resource professionals).[39]
>
> The current framework governing human resource management in the 'core' public service is unduly complex and outdated …The framework is ill-suited to an environment that demands flexibility and adaptability (Auditor General).[40]

Given the history of the past 30 years, it is doubtful under the present set-up that the human resource function in the public service will get the needed priority and the human resource professionals the needed leadership. That said, no alternative set of arrangements would be without difficulties, as the experience of other countries has shown.

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[37] Peter Larson, Senior Vice President, Public Policy Forum: article on "Public Service Reform: The New Zealand Way" Ottawa Citizen May 2, 1998; Peter Aucoin: notes for presentation on Australia and New Zealand, June 1999.

[38] Association of Professional Executives in the Government of Canada. Report on EX Selection and Promotion Part 1, 1999.

[39] Human Resources Council — report of the Sub-Committee on Learning & Development, 1999.

[40] Auditor General's April 2000 Report, Chapter 9: Streamlining the Human Resource Management Regime.

Would Some Kind of Joint Approach With the Unions Have Led to Different Results?

PS 2000 reformers did not do enough at the front end to seek understanding and support from the leaders of the public service unions. This created unnecessary difficulty as the initiative progressed. The most obvious consequence was the decision to delay the tabling of legislation for six months to allow for further consultations. However, I remain very sceptical that in 1990 the leaders of the two major unions and management together could have found enough common cause to arrive at outcomes much different.

There was considerable agreement on issues of service to the public, on the need for more training, and on many other, lesser issues. But the leaders of the major unions had goals very different from those of PS 2000 — expansion of bargaining rights, tougher rules for staffing or more reliance on seniority, opposition to gainsharing and other approaches to payment for results, elimination of regional pay rates, and fewer rather than more managerial exclusions. The PS 2000 reformers were determined to simplify and not to further complicate the work of managing, and they were not really willing to make concessions of a magnitude that might have brought the major unions onside. As already mentioned, when one task force proposed a major change that unions wanted very much (adjudication of classification), it was soon rejected because of fears that it could have created yet another forum for labour-management conflict.

Broad or Selective Reforms?

It is generally wiser to concentrate on a narrow range of targets than to risk dissipating energies on many fronts. However, such a strategy in 1990 would have proved rather unproductive, inasmuch as the two most likely targets would have been the rationalization of corporate human resource management responsibilities (which did not get far) and reform of the classification system, which may finally be getting there after 10 years of struggle! It could be argued that had these been the only two targets, they would quickly have been achieved; as one who lived through it all in the early 1990s, however, I am very doubtful that this would have been the case.

Obsolescence of Reform Packages?

In past eras, when reform initiatives were less frequent, putting a label on a package of reforms was a way of capturing attention. The downside of such a tactic is that the whole set of reforms could be jeopardized by becoming a lightning rod for discontent, a target against which to mobilize. In a world of continuous reform, labelling is likely redundant and each reform can stand on its own.

Political Leadership and Support?

Many observers have expressed the view that PS 2000 did not garner the support it needed at the political level. Given the modest nature of the reforms, PS 2000 did not require much support or time from the Cabinet. However, once PS 2000 was launched without making provision for further major cuts, it needed some protection. The infliction of cuts on the public service in December 1990 and in the 1991 Budget was very damaging. Had the government been more concerned about and conscious of the damage to PS 2000 that would result, it might have found a different and less damaging approach that would have yielded similar cost savings.

It would be difficult to uncover actions that demonstrated that PS 2000 was a major priority of the government, though the President of the Treasury Board made passage of the *Public Service Reform Act* one of his main goals. I am nevertheless uncomfortable attributing most shortfalls in the advancement of specific changes during PS 2000 to a lack of political support; the failure outlined in this paper to pursue some key recommendations clearly rests at the feet of public service management.

Bureaucratic Leadership?

I think it would be hard to overestimate the importance, in any sizeable program of public service reform of continuity and strength of leadership among senior officials. In practice, this will generally mean the personal and visible commitment of the Clerk of the Privy Council. The designation of this official as Head of the Public Service may have helped to emphasize that the Clerk has broad overall responsibility for the state of the public service and therefore for reform activities, whether or not they fall under the direct purview of other officials.

It took the Clerk to launch PS 2000 and to nurture it personally. As long as he was visibly engaged, departments and agencies paid attention and took action. In the first year, the Clerk chaired 34 meetings of the PS 2000 steering committee; this remarkable number dropped to 23 the second year and collapsed to just three in the third. Part of this decline would have happened as the initiative matured and others were mandated to assume the leadership of various components. However, in large part it was due to the pressure of other priorities, such as constitutional change. As the Clerk's attention to PS 2000 declined, some departments continued making useful progress but efforts in others began to stall.

The tough truth, as I see it, is that the Clerk's deep involvement is essential but it is likely to be short-lived. The trick is to achieve a position as irreversible as possible (like passage of legislation) before the Clerk's attention is diverted.

Reversibility of Reforms?

I think most practitioners and observers of public service reform would agree that it is tougher to implement than to design (though the better the design, the easier the implementation). And the work is not finished with implementation. There is always the danger of backsliding, particularly in reaction to major controversies. Command-control behaviours can readily reappear. At the time of this writing I worry, with many others, about the potential impact of the HRDC controversy[41] on the management of the public service. There are lessons to be learned, and changes in procedures are no doubt warranted, but I hope the heightened efforts to meet the needs of Canadians are not smothered by new constraints imposed on departments as an overreaction by the centre or imposed by departments themselves. Without ongoing nurturing, reforms fade away.

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[41] The saddest irony to me is the fact that HRDC was one of the first departments (in the mid–1980s) to put in place a system of detailed management contracts.

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Comparative Perspectives on Canadian Public Service Reform in the 1990s

Comparative Perspectives on Canadian Public Service Reform in the 1990s

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Introduction

In some important respects, public service reform in the Government of Canada over the past decade has mirrored developments internationally, especially in the Anglo-American democracies.[1] At the same time, as John Edwards' paper makes clear, the shape of public service reforms in the federal public service has also arisen from distinctly Canadian circumstances and challenges. In this paper, I seek to show how the Canadian record of reform in a comparative context has been conditioned by differences relating to political leadership, to what had to be done to improve management, and to the place of accountability in securing performance. I then turn to a brief assessment of the Canadian record in a comparative perspective.

The Issue of Political Leadership

It is clear that Canadian federal political leaders were not as actively engaged in matters of public service reform over the past decade as were their counterparts elsewhere in the Anglo-American democracies, especially the other Westminster systems (and some Canadian provinces). This fact had important consequences for the way in which the reform agenda evolved.[2]

Canadian ministers, including prime ministers, it is often said, had other more pressing issues with which to contend, including the constitution and the maintenance of the federation. What is one to make of this relative absence of political leadership in the federal arena in driving public service reform? I do not think that the matter was primarily a case of ministers being diverted by other pressing matters. Rather, the reasons, I suggest, were twofold.

On the one hand, few, if any, ministers saw political advantage in public service "reform", although some saw political advantage in sniping at "bureaucracy", a phenomenon that was prominent internationally, especially in the Anglo-American systems, during the 1980s and into the 1990s. On the other hand, and more important I suggest, Canadian ministers (and their partisan-political advisors) did not perceive the federal public service bureaucracy to be a major obstacle that had to be overcome in order to pursue their public policy agenda. To be certain, there was a period, following the change of government in 1984, when it appeared that major changes might be forthcoming in the structures of ministerial-public service relations. But major changes were not forthcoming, even though some tension in the dynamics remained for a considerable period of time. In any event, when a major initiative of public service reform came with the launching of Public Service 2000, it was an initiative conceived and led by the public service itself.

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[1] For an overview see Donald F. Kettl, *The Global Public Management Revolution* (Washington: Brookings Institution Press, 2000).

[2] See, for example, Auditor General of Canada, *Report of the Auditor General of Canada, 1993* (Ottawa: Minister of Supply and Services Canada, 1993), Chapter 6, "Canada's Public Service Reform, and Lessons Learned from Selected Jurisdictions", pp. 159–185.

This approach was in stark contrast to the experience elsewhere. In New Zealand, Britain, Australia and the United States, the political leadership either took the initiative or became fully engaged. Why? The reasons here are several but, first and foremost, they derive from the fact that the public service bureaucracies in these systems were perceived to be obstacles to governmental reform, to be a major part of "the problem" of governance. And, to some extent, the analysis was accurate, at least in the other Westminster systems.[3] In each of these cases, in relative contrast to the Canadian experience, the bureaucracy had become insulated from, and less than fully responsive to, the political leadership. In some large part, this was due to the extent to which these bureaucracies had become "old boys clubs," which had come to consider themselves as "guardians of the public interest", and thus accountable only to themselves. These attitudes could not but offend the democratic sensibilities of the political class. And they posed (or at least were perceived to pose) an obstacle to the desire of governments to pursue their agendas as they, and not their supposedly subordinate public servants, saw fit.

In this environment, accordingly, public service reform had to be imposed on the bureaucracy by the political leadership. Ministers and their political advisors, in all cases supported by a cadre of reform-minded public servants who shared ministerial concerns about "the bureaucratic problem", attacked what they considered the major obstacles to governmental reform. This is not the place to outline in any detail what was done in these systems. Suffice to say that, contrary to Canada, the issue of public service accountability to ministers was placed at the top of the reform agenda and it drove a great many of the initiatives undertaken in these systems. The aim was *not* to "let the managers manage". Rather, it was to "make the managers manage" *by* holding them personally "accountable" to ministers in new ways.

The differences between these systems and Canada's in the approach to public service reform were thus dramatic. But, for all that, it must be emphasized, public management did not thereby necessarily become better *than in Canada* simply because ministers drove reforms and were more extensively engaged. Although things may have improved in each of these systems, in every case there have been equally dramatic, and not necessarily positive, consequences for the ideal of a professional public service on a number of fronts. In short, "political leadership" in the context of public service reform can be a two-edged sword. This has certainly been the case in the United States, where reform has increased the degree of politicization beyond even traditional American standards, but it has also been experienced in Australia, especially in the 1990s, and, to a lesser extent, in Britain.[4]

Constraints to Productive Management

Public Service 2000 was predicated on the idea that public service management and operations could and would be improved, to use the language of a 1983 study by the Office of the Auditor

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[3] See Peter Aucoin, *The New Public Management: Canada in Comparative Perspective* (Montreal: Institute for Research on Public Policy, 1995) and Donald J. Savoie, *Thatcher, Reagan and Mulroney: In Search of a New Bureaucracy* (Toronto: University of Toronto Press, 1994).

[4] It should perhaps be noted that the "politicization" that has occurred in Australia and Britain has been a parallel development to each system's major reform programs. These programs did not presuppose, at least not initially, any need to politicize the public service.

General, by removing or reducing the "constraints on productive management."[5] Aside from the issue of politically imposed constraints, in the form of the constant change in "political priorities", the major constraints were seen to be the centrally imposed administrative regimes that regulated public management and operations and the absence of incentives to improve performance. Hence, as Edwards notes, "the growing frustration, particularly throughout the management ranks at what was perceived to be excessive red tape and controls…[and] an overly rules-based culture."

These concerns were not new. Indeed, the Glassco royal commission in the 1960s had articulated them and had recommended a series of reforms designed, as it came to be said, "to let the managers manage." This philosophy of management had its effects following Glassco. Although subsequent developments did not always adhere to this philosophy, by the late 1990s, the philosophy was buttressed by what was taken to be newly emerged "best practice" in the private sector. With private sector management practices now considered superior to public sector management practices, removing constraints to productivity in the public service gained a new sense of legitimacy. The rhetoric of "empowerment" was born.

At the same time, reforms elsewhere in the Westminster systems appeared to be moving in the same direction. Constraints were removed or reduced in these systems, in some instances in a radical fashion. This was especially the case in respect to the management of the public service in terms of human resource management broadly defined. In each case the central "public service" agencies, previously responsible for the control of staffing and associated personnel matters, were reshaped and, for the most part, lost considerable power. The legislative framework or systems, or both, were radically altered. Yet, in contrast to what was sought in Canada, as noted above, these initiatives were not aimed, simply, or even primarily, at letting the managers manage. Rather, they were part of a larger scheme to force managers to be more productive in the use of their management resources, including their human resources, by subjecting them (in theory at least) to demanding accountability requirements.

The Canadian philosophy of letting the managers manage by removing constraints thus *appeared* to be similar to the management philosophy elsewhere. But it was not. And the consequence was significant. Hence, while the Canadian approach gave paramountcy to the removal or reduction of constraints, in order to promote productive management, it was less successful in doing so than were the other Westminster systems (although on some matters these other systems may have been simply catching up to Canada). Removing and reducing constraints in these other systems was regarded as a necessary element (almost a by-product) of their designs that imposed greater accountability, but doing so was not regarded as the principal means to improve management. In Canada, in contrast, political leaders were not demanding the removal or reduction of constraints as a condition of improved public management. In this context, it is perhaps not surprising that the public service reform program, whatever *its* management philosophy, was more modest than otherwise might have been the case. This is not to say that it necessarily lacked political support, merely that an attempt to dismantle the basic legislative framework governing the public service would not likely have received political support. Most recently, the new Customs and Revenue Agency (and thus a quarter of the public service) has been removed from the basic legislative framework. Whether this suggests increasing political support for major change or merely the willingness of the government to accept disjointed incremental changes in the desired direction is not entirely certain.

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[5] Auditor General of Canada, *Report of the Auditor General of Canada to the House of Commons, Fiscal Year Ended 31 March 1983* (Ottawa: Minister of Supply and Services Canada, 1983), Chapter 2, "Constraints to Productive Management in the Public Sector", pp. 53–87.

The Accountability Conundrum

In my view, one of the major shortcomings of public service reform in Canada over the past decade has been the way in which accountability has been factored into the theory of public management reform. This, admittedly, is a very large subject. But, at the least, three points need to be made.

First, we have assumed that the principles of ministerial responsibility (and thus accountability), within which we locate the principles of public service accountability, are alive and well. This is true, but only to a point. As the so-called Al Mashat affair amply demonstrated, our practice of these twin principles can easily degenerate into scapegoating public servants (a phenomenon that is not restricted to Canada). More to the point, however, we have not developed a widely shared understanding of what accountability means in the contemporary context, notwithstanding the inspiring contribution of the late John Tait and his colleagues[6] or, for that matter, the fine work of the Office of the Auditor General and the Treasury Board Secretariat.[7]

Second, we have failed to develop a shared understanding of public management wherein constraints, and thus controls, are necessarily a central and positive feature of managing in the public service environment where accountability is a fundamental condition of power properly exercised in the public interest – there being no other way in a non-market context to constrain the inherently corruptive tendencies of power. A management culture that promotes, as Edwards puts it, "broader acceptance that questioning the usefulness of rules and procedures is appropriate behaviour for public servants at all levels" is one thing. A management culture that promotes an understanding of controls as an inherent pathology or perversity of bureaucracy, on the other hand, is quite another thing altogether. I worry that the effect, if not the intention, of the rhetorical messages of Public Service 2000, spun out in a milieu where the anarchistic prescriptions of North American management gurus such as Tom Peters had great appeal to public servants, served to advance the latter over the former.

Third, and partly as a result of the first two factors, I think that we did not work hard enough, or at least have not succeeded, at enhancing the two other dimensions of public accountability, namely, to provide assurance and to promote continuous improvement in performance.[8] The relative lack of concern for the first was illustrated, for example, in the recent debacle in the department of Human Resources Development. The relative lack of concern for the second was illustrated by the tardiness with which we have developed a regime to hold managers personally accountable for continuous improvement with a framework that addresses the circumstances and challenges of a professional public service.

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[6] Canada, Task Force on Public Service Values and Ethics, *A Strong Foundation* (Ottawa: Canadian Centre for Management Development, 1996; reprinted 1999)

[7] "Modernizing Accountability in the Public Sector", a joint paper by the Treasury Board Secretariat and the Office of the Auditor General of Canada, 1998.

[8] Peter Aucoin and Ralph Heintzman, "The dialectics of accountability for performance in public management reform," *International Review of Administrative Sciences*, Vol. 66, 2000, pp. 43–53.

None of the above should imply that other systems were necessarily successful in their efforts in these regards. They may have been more aggressive in some respects, but their efforts have been largely mechanistic and narrowly based in terms of what is deemed significant.[9] I have grave doubts that an accountability regime predicated primarily on the incentive/sanction of "pay" to meet quantitative "targets" can ever produce what is needed in terms of the three critical dimensions of accountability – control, assurance or continuous improvement.

What is too often missing in this equation is the fundamental need to address what is most important in accountability, namely, the need to ensure that public service managers are making every effort to advance, in what they do, the objectives of public service values and ethics in public service operations writ large. We can define this dimension of public service management in a number of different ways — vision, leadership or commitment. Yet, the bottom line is that public service managers make their contribution by motivating their colleagues, subordinates and even their superiors to excel in what they do, as the head of the federal public service is wont to put it, by "making a difference."[10]

The chief problems of bureaucracy in government are not that bureaucrats are prone to "shirking on the job" (that can be accommodated by the appropriate degree of organizational slack, a necessity in all large organization), nor that bureaucrats pursue "budget maximization" (that can be controlled by central agencies, especially in Westminster systems), nor even that public bureaucracies are deficient in managing "poor performers" (that can be coped with by being explicit about the limits of dealing with such folks, particularly in the context of the group dynamics of well-performing organizations). Rather, the central problem of bureaucracy in government is ensuring that there is no tolerance for behaviour, especially on the part of managers but also of front-line staff, that does not accord with basic public service values and ethics.

A professional public service is not professional if it cannot articulate and communicate what these values are and govern itself accordingly. While this is easier said than done, the true test of whether there is a professional public service in a given jurisdiction is the extent to which the public service leadership can collectively meet this fundamental test. Success on this front is not primarily a matter of getting the right legislative framework or systems in place, possessing arbitrary discretion, or even having the right attitudes (a major emphasis of Public Service 2000, as those who were present will recall). Rather, it is dependent, first and foremost, upon both the individual and the collective willingness to exercise professional judgment, that is, to take action when managers or staff do not behave in ways that accord with public service values and ethics and to reward those who do.

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[9] See, for example, Allen Schick, *The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change* (Wellington: State Services Commission, 1996)

[10] Mel Cappe, *Seventh Annual Report to the Prime Minister on the Public Service of Canada* (Ottawa: Privy Council Office, 2000)

The Canadian Record in Comparative Perspective

Lest the foregoing be deemed excessively critical of the Canadian record, let me hasten to note that, in my view, what has been accomplished over the past decade in terms of public service reform has been impressive, by any international standards. I come to this conclusion for the following reasons.

After an admittedly muddled start in the early 1990s, the dynamics of public service reform began to evince a considerable degree of coherence in the second part of the decade. For example, the sequencing of initiatives, including Program Review, the policy capacity and modernizing service delivery initiatives, La Relève and the articulation of a result-based management framework, reflected a more strategic and co-ordinated approach to public service reform than had been the case for the first part of the decade. And, in several respects, the Canadian "model"[11] that was in place by the end of the last decade was more explicit in addressing the most critical aspects of public service reform both on its own terms and in comparison with other systems.

The emphasis on the importance of a professional public service, with a strong sense of corporate identity and working in partnership with political leaders, has better positioned the federal public service to strengthen its capacity to function as a "learning organization."[12] In contrast, the Australian, British and New Zealand regimes, albeit with variations, have struggled on these fronts in recent years. The Australian experience over the past several years has witnessed a diminution of political confidence in the public service, a greater reliance on political aides as policy advisors, and a loss of corporate identity in the senior ranks of the public service. The British reform program has had to confront two sources of fragmentation. The first was the fragmentation of the senior public service that resulted from the separation of responsibilities for policy and operations that came with the adoption of an "executive agency" model. The second has been the fragmentation that has resulted from an increasing divide between political and public service policy advisory units at the centre of government. The New Zealand program has had to address the consequences of a model of public management that has separated the work of policy and operational agencies, holds public service executives directly and personally accountable for managing resources and delivering services, and differentiates responsibility for outputs and outcomes. The differences between these four Westminster systems are clearly relative. Yet Canada has benefited from a greater willingness on the part of political leaders to engage the public service in strategic policy-making and to provide the space for the senior public service to promote the corporate management of public service reform.

One result of this approach has been the attention given in Canada to rebuilding the policy research capacity of the public service. This initiative assumed importance for two reasons. First, the Canadian approach to program review was not driven primarily by political ideology or political conviction. As a pragmatic effort to focus resources on policy priorities and to do so in a manner that was affordable, the importance of evidence-based policy research was reasserted. Second, the Canadian approach has placed great emphasis on building policy research networks that extend both across government organizations and out to the non-governmental policy research community. This approach has reinforced the ideal of research as a core function of public management that exists separately from a results-based performance management regime tied to individual government organizations.

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[11] Jocelyne Bourgon, *Fifth Annual Report to the Prime Minister on the Public Service of Canada* (Ottawa: Privy Council Office, 1998)

[12] See Government of Canada, *A Public Service Learning Organization: A Policy Discussion Paper* and *A Public Service Learning Organization: Directions for the Future* (Ottawa: Canadian Centre for Management Development, 2000)

The advantage of the Canadian approach in these regards lies in the fact that it has not been excessively preoccupied with external or internal debates and conflict over schemes to privatize, market-test, or contract-out government operations. Rather, the full range of "alternative service delivery" options has been pragmatically deployed in the service of meeting the objectives of affordability, better service and improved policy outcomes. The approach has also presumed that organizational learning is more dependent on applying knowledge gained from research and experience than from "government by target".[13] While the government is committed to a results-based management regime, its approach stands in some sharp contrast to the enthusiasm for mechanistic approaches found in the other systems.

In Australia, Britain and New Zealand, considerable progress has been made in adopting the methods of performance measurement in public management. However, as Schick[14] and Pollitt,[15] among others, have noted, performance measurement focussed on the management of inputs and the delivery of outputs does not necessarily get to the critical questions of outcomes. For the latter, policy research, including program evaluation, is required. Here Canada has been well served by an approach that seeks to address policy as well as management issues. And it is instructive to note that New Zealand has come to acknowledge the need for a more outcomes-based approach[16] and, more recently, Britain has sought to place a new emphasis on evidenced-based policy making.[17] On the other hand, Australia, once a leader in policy evaluation and a focus on outcomes, has increasingly come to rely on market-based schemes that invariably focus primarily on the productivity of output management.[18] In the United States, according to Kettl, the Government Performance and Results Act "catapulted the federal government past fifteen years of Westminster experimentation with output measures to a quick, aggressive move into outcome assessment," yet the governance structure of the American system, as well as its partisan-political dynamics, just as quickly led to a return to a focus on "administrative remedies that avoided basic policy choices."[19]

The fact that the Canadian approach engaged the public service, was agnostic about alternative delivery mechanisms, and pursued a balanced focus on outputs and outcomes made the introduction of "citizen-centred service delivery" a relatively smooth transition. The federal government struggled with the introduction of "service standards" at the outset of the decade, in part because of the resistance to a mechanistic approach to performance measurement. It thus lagged behind some other governments in this regard, notably the British government with its highly publicized "citizens' charters." However, as it increasingly became clear that citizens were more interested in approaches to service delivery that provided seamless or integrated service that focussed on their priorities, the Canadian adoption of new approaches quickly put Canada among the leaders in citizen-centred service delivery. These new approaches built on existing values and traditions of public services delivered by public servants; hence the enthusiasm at both the centre and the front lines for these innovations. The fact that the federal service delivery system had not been excessively fragmented by the adoption of the management models pursued in Britain or New Zealand obviously helped here. Indeed, fortuitously, the consolidation of departments in the first part of the decade produced just the opposite result, namely, relatively less in the way of departmental fragmentation than would have been the case had new forms of citizen-centred service delivery been attempted in the 1980s or early 1990s. It was also fortuitous that Canadian initiatives dovetailed with the introduction of new information and communication technologies that greatly facilitated the adoption of new organizational forms for integrated service delivery. And, of course, a greater commitment to corporate management initiatives further contributed to the willingness to manage across organizational boundaries. Finally, in Canada, responsibility for both policy and services still tends to remain within vertically integrated departments.

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[13] For an interesting comment on the recent British experience, see "Target Mad", *The Economist*, July 29, 2000, p. 54.

[14] Schick, *The Spirit of Reform*.

[15] Christopher Pollitt, "Is the EmPeror in his Underwear? An analysis of the impacts of public management reforms," *Public Management* Vol. 2, No. 2, June 2000, 181–199.

[16] See New Zealand, State Services Commission, "Briefing for the Minister of State Services", Wellington, 1999.

[17] See United Kingdom, *Modernising Government* (London: the Stationary Office, 1999).

[18] See John Halligan, "Public Service Reform Under Howard," in Gwynneth Singleton (ed.) *The Howard Government: Australian Commonwealth Administration, 1996–98* (Sydney: University of New South Wales Press, 2000), 49–64.

[19] Donald F. Kettl, *The Global Public Management Revolution* (Washington: Brookings Institution Press, 2000), 32.

All other Anglo-American systems also have moved to a greater focus on citizen-centred service (although in some places, such as the United States, the emphasis is put on treating citizens as "customers"). The British have recognized the need to reverse some elements of their public management reform program insofar as citizen-centred service delivery requires them to promote what they inelegantly call "joined-up" government. Likewise, in New Zealand, the excessive fragmentation of their model has required taking steps to rebuild the connections between the interrelated parts of the public service. This has been a challenge, given the extent to which a once cohesive public service has become increasingly departmentalized as a consequence of the breaking up of large integrated departments into purchasers and a multitude of service providers. In Australia, integrated service provision has been hailed as a major reform, especially in relation to its premier service delivery agency — Centrelink — that now provides the services of several Commonwealth departments. Here, however, as in Britain and New Zealand, but in contrast to Canada, integrated service must be conducted in a context where responsibility for policy and service are themselves organized separately. The American experience in these regards is closer to the Canadian model, although the more extensive use of third parties to deliver public services in the United States makes the challenge of integrated service that much more difficult.

Finally, the Canadian approach has now begun to focus more fully on the critical issues of "people management". In much the same way that Public Service 2000 came to encompass a broader range of public service reform issues than originally envisaged, La Relève was broadened to encompass a wide spectrum of human resource management issues. In several important dimensions of human resource management, particularly with regard to the devolution of authority for staffing, personal contracts, and performance-based pay, the Canadian regime has lagged behind developments in virtually all these other systems.

At the same time, the La Relève initiative sparked a concern for a wide range of issues concerning the management of people that go well beyond the human resource management regime *per se*. These concerns are reflected in efforts to address the state of the workplace, to cope with demographic changes, to better manage a new generation of knowledge workers, and to renew the public service as a corporate institution of governance. In these critical regards, Canada is hardly a laggard. For all its human resource management reform, for instance, Britain has recently placed the modernization of its public service on its list of priorities for modernizing government. In New Zealand, there has emerged a major concern with what is referred to as the issue of "public service capability". And, even in Australia, where its new public service legislation brings about extensive deregulation and devolution, the government has accepted the need to have the Public Service Commissioner report annually on the "state of the public service."

Although Canada has only recently instituted a performance-based management regime for deputy ministers, the Canadian record in managing its senior public service as a corporate resource is second to none. The critical test of public service accountability for people management will be the extent to which senior managers are held accountable for the way public servants are managed according to the corporate values and requirements of the Canadian public service. In this respect, Canada continues to be among the leaders, if not the leader, in addressing the need for a profession of public service in the cause of good government. The critical issue for Canada is how to maintain this condition of good government while, at the same time, sorting out responsibilities for human resource management and seeking the flexibility necessary for more efficient and effective human resource management.

Conclusion

In looking back to the decade of the 1990s, it strikes me that we have accomplished a great deal, perhaps more than we realize. For one thing, we have got ourselves on the right track. We have moved well beyond the assumption that removing constraints is the first order of business. There are some constraints that need to be addressed, of course, because they do not serve a sufficiently useful public purpose. And, no doubt, the current legislative framework for managing the public service must count among these constraints. But constraints will always be with us; indeed, they are essential to the management of a public bureaucracy.[20] And how well one manages is never essentially a function of constraints; excellent management can occur in any system.

At the same time, we need to acknowledge that a decade of fundamental change in the public sector writ large has resulted in profound consequences for the federal public service. Indeed, as much as anything, La Relève represented recognition of the need to acknowledge that we could not "go back home again" — a new world of public service had arrived. The demographic crisis affecting the senior ranks was the immediate catalyst. Yet, it underscored the need to address what "leadership" should mean in a modern professional public service. Unquestioning deference to authority is no longer part of the culture; corporate approaches to "wicked problems" and the provision of seamless services are increasingly required; and professional staff are less inclined to think of themselves as merely "human resources."

Technological developments will obviously continue to have significant effects on the way that we do public business in the future. And, as in the past, they will also have major implications for staffing and pay regimes as we compete for technical staff with other governments and the private sector. Nonetheless, the most critical challenges in terms of recruitment and retention, in my view, will be for public service managers and administrative staff who can perform the essential core functions of public service. These are the personnel who make a professional public service a value-added institution in the service of good government. To the extent that we fail to maintain and develop the public service as such an institution, political leaders will seek alternative ways to organize and staff their public service institutions, as is increasingly the experience elsewhere. To the degree that this occurs, concerns about the human resource management regime of a *professional public service* become academic.

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[20] Peter Aucoin, "The design of public organizations for the 21st century: why bureaucracy will survive in public management", *Canadian Public Administration*, Vol. 40, No. 2, Summer 1997, pp. 290–306; Ian Clark, "On Re–engineering the Public Service of Canada: A Comment on Paul Tellier's Call for Bold Action," *Public Sector Management*, Vol. 4, No. 4, 1994, pp. 20–22; Pat Barrett (Auditor General for Australia), "A More Systematic Approach to Effective Decision–Making for Better Outcomes or Results", IPPAA Conference, Canberra, 10 March 1999.

Distant Reflections on Federal Public Service Reform in the 1990s

Distant Reflections on Federal Public Service Reform in the 1990s

Ian D. Clark, President, Council of Ontario Universities

Caveats and perspectives

I feel honoured to have been asked to comment on the paper by John Edwards on Public Service 2000[1] and to participate in a seminar on Public Service Reform associated with the final report of the Auditor General. Denis Desautels has provided distinguished and widely respected leadership of the Office for the last decade, and has made public service reform a special priority.

Mr. Edwards generously identifies my appointment in 1989 as Secretary of the Treasury Board as that of someone "conscious of the need for changes" and thus contributing to the "positive environment" for the launch of the PS 2000 reform initiative. I was closely involved with the public service reform efforts from that date until 1994, when I left Ottawa for a two-year posting at the International Monetary Fund. I have not been involved in the post-PS 2000 reform initiatives although I have watched from a distance, first from Washington and then from Toronto, where I worked as a partner in an accounting-consulting firm and more recently from my present position in the university sector where I work closely with the Ontario provincial government.

I have no factual refinements to add to Mr. Edwards' excellent description of the evolution and conduct of the PS 2000 initiative. His paper conforms with my recollection of events in the period.

The point of departure for my reflections is Edwards' comments in his concluding section regarding political leadership and support. Like Edwards, I agree that Gilles Loiselle, the able and energetic President of the Treasury Board during most of the period, gave PS 2000 considerable personal attention. Although the Treasury Board President was effective in overseeing changes in Treasury Board policy and legislation, I suggest that he and the public service leaders of the proposed reforms would have produced more dramatic changes if the political agenda of the day had been more conducive to significant management reform.

The crucial role of politics

Looking back over the decade, and taking account of the extensive changes in public service management in some other Westminster systems (particularly the UK, New Zealand, Ontario and Alberta), I would propose the following hypothesis:

> *Major public service reforms can succeed only if they are embedded in a "management agenda" that is led from the political level, and that is aligned both with the government's "policy agenda" and its "fiscal agenda."*

For the purposes of this analysis, it is useful to characterize the overall political agenda of the government as comprising three component agendas, each with a relatively clear locus of ministerial responsibility.

- The *policy agenda* led by the First Minister. This is usually characterized by a concern for consistency with the governing party's basic philosophy (or election platform), the federal-provincial context (or "national unity" in the case of the federal government), preservation of Cabinet and caucus solidarity, and the future electability of the governing party.

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[1] John Edwards, *Looking Back From 2000 at Public Service 2000*, report prepared for the Office of the Auditor General, September, 2000.

- The *fiscal agenda* led by the Finance Minister. This is usually characterized by a concern for achieving a sustainable balance between revenues and expenditures, and an appropriate level of taxation.

- The *management agenda* led at the ministerial level by the Treasury Board (or equivalent body at the provincial level). This is traditionally characterized by a concern with the three Es (economy, efficiency and effectiveness) and the two Ps (probity and prudence) in the use of public funds.

My observation is that in the first half of the 1990s, in Ottawa the management agenda was not driven from the political level and the three agendas were imperfectly aligned. One obvious manifestation of the lack of alignment is that the ordering of the major initiatives was backward. Administrative reform preceded government restructuring, which preceded program review. In an ideal world, a government would decide *what programs* it wanted to deliver, then *which institutions* should be responsible for the delivery, and then *what management regime* was best suited to delivering the programs.

In the early 1990s, the federal policy agenda was dominated by the "unity file." The Meech Lake process produced severe demands on the Prime Minister and his closest advisors. There was little enthusiasm for substantive program changes that would exacerbate tensions within the federation or the government caucus. Neither was there much desire to engage in a political battle with the public service unions, a feature of management reform in the UK and New Zealand and, later, in Ontario and Alberta.

On the fiscal front, the situation was rapidly worsening. As the recession took hold, employment, corporate earnings and tax revenues were declining while social support payments, debt-servicing charges and tax rates were rising. The incomes of many Canadians contracted sharply, and there was an increasing resentment that "government" was insulating itself from the pain. This led to a political imperative to demonstrate that measures were being taken to "cut back the bureaucracy." Finance Ministers in that period went to considerable efforts to generate long lists of agencies and government bodies slated for the chopping block.

It is understandable that Canadians felt they were receiving less for their tax dollars. They were. The corrosive dynamics of compound interest meant that, with debt servicing constituting over 30 percent of the expenditure budget, Canadians were currently paying for services (plus interest) that they had received in earlier years. At the beginning of the 1990s few people, including many within the government, had come to terms with the fact that things would have to get worse before they got better. As this realization sunk in, the fiscal agenda became more prominent.

The fiscal agenda of the day could be viewed as part of a larger "Finance agenda," which embraced the "Washington consensus" supported by the International Monetary Fund, the World

Bank and Finance ministries in most of the OECD countries.[2] If the management agenda had been driven by the Washington consensus, there would have been a public service reform program much different from that which emerged as PS 2000. It would have focussed on privatization, deregulation, market-based incentives, program elimination, and cost-saving measures. This set of precepts figured prominently in the management reforms in the UK, New Zealand, Ontario and Alberta.

The management agenda in Canada has, despite what public service reformers might wish, not traditionally been driven by the perceived need to improve service delivery. For those who have devoted so much energy to service delivery, it is sobering to reflect on just how little space is devoted to this theme in party election platforms, Speeches from the Throne or Budgets. On the other hand, we can all be grateful that the management agenda is not driven, as it is in many countries, by the need to root out corruption and incompetence on the part of public servants. To the extent that the management agenda does attain a political profile, it is almost always focussed on cost savings. The traditional impetus for reform in this country is simply that Canadians would like to pay less for federal services they have come to expect.

The nature of federal governments in Canada — and their implicit policy agendas — tend to make the management agenda less radical than in the UK, New Zealand, Ontario or Alberta. Canada is a federation, and it is probably not by chance that the unitary states of UK and New Zealand have been more radical in devolving operational activities than Australia and Canada have. In unitary states, ministers have political responsibilities that in Canada are handled by provincial and even municipal governments. For unitary states, especially those like the UK and New Zealand before 1980 where governments were highly involved in the economy, ministerial responsibilities had likely become, in electoral terms, overly extensive. For central governments in federations — especially in Canada, where competition for political credit among levels of government is conceived in national unity terms — the political incentives have been different. Proposed reforms that reduce federal visibility have usually been met with skepticism by the government of the day. The Canadian House of Commons also differs from its British counterpart in having higher turnover and being more partisan across the full range of issues. This makes it difficult for individual Canadian parliamentarians to deal with, over an extended period, the challenge of elaborating a more satisfactory relationship between Parliament and the public service.

Edwards points to the crucial role of the Clerk of the Privy Council in public service reform. I agree that in circumstances where the management agenda has little political salience, or where it is imperfectly aligned with the fiscal and political agendas, significant initiatives need the leadership of the Clerk of the Privy Council. Paul Tellier deserves substantial credit for his leadership role in the early 1990s. As Edwards notes, Tellier devoted considerable time to PS 2000 in its early days. But I would also submit that it would have been inappropriate for the Clerk to have continued this level of time commitment to public service management issues when the Charlottetown constitutional process gathered steam and the fiscal situation was approaching crisis proportions. The duty of the Clerk as the Prime Minister's Deputy Minister and Secretary to the Cabinet to advise and assist the Prime Minister and Cabinet on the government's policy agenda will almost always take precedence over managerial initiatives associated with the Clerk's role as Head of the Public Service.[3]

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[2] The Washington in the "Washington consensus" connoted not only the American government but also all those institutions and networks of opinion leaders centred in Washington or who meet each other there in meetings of the IMF, World Bank, and the G–7. This consensus emphasized the virtues of non–inflationary money expansion, fiscal balance over time, market–based pricing, transparency in decision making, high savings and investment, and a shift of government expenditures toward infrastructure, health and education. The intellectual framework for this consensus recognized conditions that lead to "market failure" in the private sector (such as imperfect information, monopoly power and spillovers) as well as the elements that can lead to "government failure" in the public sector (such as interest group rent–seeking and bureaucratic rigidity). It therefore encouraged the use of direct fiscal instruments over regulatory instruments such as controls and quantitative restrictions. It recommended that governments should continue to reduce impediments to trade and to the movement of capital and labour. Governments should privatize operations that are commercial in nature, but should do this within a legal framework that avoids private–sector monopolies. Activities of the government should be transparent, and civil services should be merit–based. Government service should be made attractive to talented people who are willing to act according to well–defined standards of probity and prudence and who are motivated to conduct the affairs of state efficiently and effectively.

The Auditor General and public service unions as political influences on the management agenda

The central challenge in pursuing management reform in the federal government is that management issues rarely become a matter of political priority. As noted above, this is due partly to the tradition of basic competence and honesty in the federal public service and partly to the lack of public dissatisfaction with the quality of service. It is also due to the inappropriateness of public service managers' publicly expressing their concerns with management issues.[4] However, there are two players in the management environment that do have the potential to raise the public profile of public service management: the Auditor General and the public service unions.

The Auditor General has, from time to time, had an major impact on the federal government's management agenda by raising the public profile of managerial errors and administrative inefficiencies. Sometimes the Auditor's report can lead to substantial political response. The most notable example in this generation was the 1976 report in which the Auditor General concluded that "Parliament — and indeed the government — [had] lost or [was] close to losing effective control of the public purse." This soon led to the Royal Commission on Financial Management and Accountability, and by 1978 to the creation of the Office of the Comptroller General. The political dynamic associated with getting demonstrable control of the public purse led to a series of Treasury Board rules and reporting requirements.

Senior executives inside the public service began to express dissatisfaction with such extensive central controls. By 1983 the Auditor General's report observed that "productive management" was constrained by "the impact of political priorities on the management process, the degree of administrative procedures with which managers have to cope, and the disincentives to productive management that are characteristic of the public service."[5] The report noted that executives complained about excessive administrative regulations, incentives not to allow funds to lapse, inflexible contracting rules, too many requests for information from central agencies, unresponsive and costly common service agencies, as well as time-consuming classification, staffing and related personnel procedures. The Auditor General, while acknowledging that the public will always want constraints on public service managers and that control and accountability should not be sacrificed, called on the government to articulate a management philosophy, to delegate more authorities to departments and rely more heavily on managers to address problems, to review the costs of internal regulation and to reduce disincentives.

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[3] It is also the case that, for some departmental deputy ministers at some times, the roles of policy advisor and issue manager will take precedence over the role of departmental administrator. This is simply one of the "small–p" political realities of public management and constitutes one of the ongoing challenges of sustaining public service reform.

[4] The Clerk's legislative responsibility to report on the "state of the public service" does not provide him or her with an obligation (or a bully pulpit) to advance a politically sensitive management agenda that the responsible ministers of the day are not prepared to advance.

[5] See "Constraints to Productive Management in the Public Sector" in Auditor General of Canada, *Report of the Auditor General of Canada to the House of Commons, Fiscal Year Ended 31 March 1983* (Ottawa: Minister of Supply and Services Canada, 1983), p.53.

In his 1989 report, the Auditor General said, "Our overall observation is that people are over-administered — too much centralization; too many prescriptions — while, all too often, they experience a lack of real leadership."[6] The government's press release announcing PS 2000 noted, "This need for change has been strongly endorsed by the Auditor General in his most recent report."

The current Auditor General has made the analysis of public service reform a priority of the Office. The PS 2000 process was under way when Denis Desautels was appointed in April 1991. By August 1991 the Office had developed a working paper that had articulated a stance of acting as "the conscience of PS 2000." The paper suggested that the Office should "make known our expectations — for example, concerning the need for prudence and probity, clear accountability, maintenance of necessary controls, improved performance measures, the observation of Parliamentary control requirements, and so on."[7] The approach of the Office to the PS 2000 initiative has been well described by John Holmes in his 1996 article.[8] Under Mr. Desautels' direction, chapters in subsequent reports explored virtually all the key themes of public service reform at the end of the 20th century.[9] I believe that most observers would agree that Mr. Desautels has made good on his undertaking to act as a constructive conscience of public service reform and renewal.

If the Auditor General constitutes a key actor on public service reform with a recurrent public voice, the public service unions provide another. Although the Auditor General and the unions have been characterized by Alasdair Roberts as making common cause part of a "control lobby" that constrained the scope of public service reform in the early 1990s,[10] in most issues the two represent substantially different interests. The Auditor General can be viewed as representing the taxpayers' interest in securing government services for the least cost; the unions explicitly represent the interests of employees whose compensation is entirely provided by taxpayers.

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[6] Auditor General of Canada, *Report of the Auditor General of Canada to the House of Commons, 24 October 1989* (Ottawa: Minister of Supply and Services Canada, 1989), p.35.

[7] Office of the Auditor General, 1991, *PS 2000: Developing a Common Understanding.*

[8] John Holmes, "The Office of the Auditor General and public–service reform: an insider's perspective," *Canadian Public Administration* 39, No. 4 pp 524–534, 1996.

[9] "Innovation within the Parliamentary Control Framework" (1991, Chapter 5); "Change and Control in the Federal Government;" (1992, Chapter 4); "The Learning Organization" (1992, Chapter 5); "Canada's Public Service Reform, and Lessons Learned from Selected Jurisdictions" (1993, Chapter 6); "An Innovative Society and the Role of Government" (1994, Chapter 5); "Service Quality" (1996, Chapter 14); "Maintaining a Competent and Efficient Public Service" (1997, Chapter 1); "Moving toward Managing for Results" (1997, Chapter 11); "Service Quality" (2000, Chapter 1); "Streamlining the Human Resource Management Regime: A Study of Changing Roles and Responsibilities" (2000, Chapter 9).

[10] Alasdair Roberts, Worrying about misconduct: the control lobby and the PS 2000 reforms, *Canadian Public Administration*, 39, No. 4 pp 489–523, 1996.

Unions have been a key part of the public service management equation since collective bargaining was introduced with the *Public Service Staff Relations Act* in 1967. Relations with the public service unions were under severe strain by the late 1980s due to a clash of expectations. On one side, most union leaders believed that their members had unduly suffered in the various cost-reduction and wage control exercises, that many of their members were owed a great deal of money from the pay equity provisions of the *Canadian Human Rights Act*, and that the scope of bargaining should be widened to include areas bargainable under the Canada Labour Code, particularly job classification. Some prominent union members had actively campaigned against the governing party during the 1988 election.

On the other side, there was a growing sense that, with declining real earnings in the private sector, most federal public servants were being paid more than they would be in comparable private sector jobs and that they had more employment security. There were hundreds of applications for the few public service jobs that were on offer and attrition rates were at a historic low. It was also recognized that the dramatic restructuring that much of the private sector and some other governments had undergone in response to economic imperatives could not have been undertaken inside the collective bargaining framework that had evolved in the federal public service. Indeed, the rate of unionization was declining in the private sector at the same time as it was rising in the public sector.

The Public Policy Forum has recently completed a useful review of the history and prospects of labour management relations in the federal public service.[11] It comments on an "unprecedented low level of trust" and recommends a comprehensive review of the legislation and administrative machinery. This would be a contentious and political process. If a government subscribed to much of the "Washington consensus" noted earlier, it would imply a labour management regime which produced compensation for public servants that was more closely aligned with labour markets, and flexibilities that more closely matched the requirements of globally competitive private sector companies. Public service unions have in the past strongly resisted measures aimed at producing these outcomes and have implied that that they would exercise all the political power at their disposal to resist them. Clearly, any move in this direction by a government would require a high level of political commitment.

Centralization and control are not dirty words – particularly in achieving the potential of new technologies

Edwards succinctly summarizes the basic PS 2000 thesis: the public service would perform better if it were "liberated from excessive constraints and served by streamlined administrative systems." PS 2000 explicitly contained a strong element of changing the way public servants conceived their roles. Consistent with admonitions from best-selling management gurus of the day, public servants were encouraged to be less driven by rules and more concerned with results.

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[11] *Levelling the Path: Perspectives on Labour Management Relations in the Federal Public Service*, Anita Mayer and John Szekula, Public Policy Forum, June 2000.

They were to be more innovative, more service-oriented, and more people-oriented in managing the workplace. PS 2000 was fueled by the promise of empowerment.[12]

In this rhetorical environment, it was difficult to strike the appropriate balance between empowerment and control. Managers could be forgiven if they felt that developing plans to enhance control over their operations or considering the advantages of centralizing some functions would indicate that they "just didn't get it." This, of course, was not sustainable. Good management requires control; some functions and activities can at any particular time be more efficiently conducted in a more centralized fashion.[13]

The 1990 White Paper concludes with a chapter entitled "The Public Service in 2000," which includes the following, perhaps optimistic, entreaty:

> [Ministers] know that any reform, particularly to deregulate the administrative processes of an organization as large as the Public Service, cannot proceed without mistakes. Ministers know that they will have to steel themselves not to react to political and media outcry against some particular error by reimposing central controls. They believe that better service to Canada and Canadians outweighs the embarrassment that such mistakes cause.
>
> Parliamentarians and those who serve them — particularly the Auditor General — will be asked to judge incidents of mismanagement within the broader context of a Public Service that is capable of responding efficiently to the ever-increasing demand for its services.

It would be hard to recognize this sentiment in the House of Commons in early 2000 when Question Period was preoccupied with the "HRDC affair." This is not the place to try to analyze the complicated issues surrounding this controversy and I look forward to a thorough analysis in the forthcoming Auditor General's report. However, it can be asserted with reasonable confidence that the perceived costs — in terms of the public's confidence in government and the reputation of the current government — that were associated with apparent lack of control over the use of public funds have been greater than the perceived benefits of the improvements in service delivery of HRDC programs that reduced controls may have enabled.

It would be unfair to lay the blame for the events at HRDC on excessive pursuit of a philosophy of empowerment. However, it is sobering to contemplate a future Prime Minister's response to the proposition that a major public service reform initiative could be launched to improve services with only one downside: that it would somewhat increase the possibility of an "HRDC affair" in some department during his mandate.

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[12] The official 105–page description found in the government's December 1990 White Paper (*Public Service 2000: The Renewal of the Public Service of Canada*) was more nuanced and balanced. However, although the White Paper devoted a full chapter to accountability, the specific recommendations to improve the performance assessment processes did not assume the priority that had been hoped. Accountability mechanisms used in New Zealand and later introduced in Ontario and Alberta (particularly annual business plans approved by Treasury Board and formal performance contracts with deputies) were not part of the PS 2000 initiative.

[13] In the summer of 1994, at the request of the Secretary to the Cabinet, I conducted a series of consultation sessions with senior managers on the public service management agenda. One radical assertion, which attracted minority support in the session, is worth recalling: "We in the public service typically adopt management philosophies a decade late. 'Decentralize everything' was a private sector philosophy suited to the 1980s growth period but the private sector has re–centralized decision making to meet the 1990s requirements of retrenchment and rationalization." Another notable quote from those sessions was the plea from a management trainee, impatient with what he saw as the acceptance of mediocre performance in his unit: "Deputies should not only let managers manage, but *make* managers manage the issue of poor performers. If documentation takes two years, start today."

As the HRDC file illustrates, the political dynamics in Westminster governments tend to lead in the direction of increased centralization and control. In electoral terms, government is a single entity, whose reputation for management can be tarnished by relatively isolated instances. Virtually all governments respond to perceived mismanagement in one sector by instituting more generalized controls to ensure that the problem will not recur elsewhere. Similarly, it is usually easier to demonstrate "efficiency improvements" associated with capturing economies of scale than those associated with decentralized innovation. It is striking how the public service reforms under the Harris government in Ontario rely on the efficiencies associated with shared services and the disciplines associated with central approval of business plans as organizing principles for management improvement. The Westminster bias toward centralization and control means that, over time, the accumulation of incremental decisions will eventually lead to an overly centralized system. It implies that every generation or so it will be useful to re-think and reduce accumulated central controls. It is worth recalling that the early 1990s PS 2000 theme of "liberation from excessive constraints" is reminiscent of the 1962 Glassco Commission theme of "let the managers manage."

But even in periods when many systems may be overly centralized, there will still be functions and activities that would benefit from greater co-ordination and central direction. This likely now applies to the use of technology to transform the way government delivers its services and interacts with suppliers and citizens. It is worth contemplating whether the PS 2000 allergy to centralization and control delayed Canada's exploitation of the potential of "e-government." In the early 1990s the Canadian public service was, I believe, the first major government in the world to have all its executives connected via a secure e-mail system, to have a government-wide Chief Information Officer, and to have created a *Blueprint* for system-wide initiatives that were supported by the CIOs of most departments. However, the next steps for implementation would have required a high degree of central direction, which was not forthcoming. Such central leadership has subsequently been exercised in other governments and, at least according to the recent *Economist* survey,[14] Canada is no longer in the lead.

Decisions on centralization require selectivity and balance. While public institutions will, by their nature, have a larger minimum set of administrative rules than commercial enterprises, it is important to recognize the extent to which a proliferation of controls leads to administrative inefficiency. Parliamentarians would do well to reflect on the implicit assumption that managerial mistakes can be eliminated and money saved if central authorities would only give more clear and binding instructions to departments. On the other side, managers must recognize that ministers have a legitimate role in defining the corporate interest of the government. It is the responsibility of central agencies and their ministers to actively define the corporate interest. For example, Treasury Board ministers will likely feel the need to continue to press departments to improve employment equity performance, to develop service standards, to rationalize management support systems across departments, and to take best advantage of the potential of new technologies.

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[14] Government and the Internet, survey in *The Economist*, June 24–30, 2000

Second thoughts and suggestions to successors

John Edwards' listing of the accomplishments of PS 2000 has to be gratifying for managers, including most of us in the Treasury Board Secretariat, who devoted so much effort to the enterprise of public service reform in the early 1990s. Given the lack of alignment of the policy, fiscal, and management agendas at the time, it is perhaps remarkable that this much was accomplished. And the management regime that emerged is impressive in comparative terms. When I have discussed with senior managers from other countries the flexibilities now available to Canadian public servants, they often marvel at the sensibleness and modernity of our systems compared with their own.

But, as Edwards points out, the PS 2000 exercise has been viewed by many managers as failing to live up to its promise. What could we senior officials have done differently at the time? With the benefit of hindsight, I think that we probably should have been:

- more cognizant of the transformative potential of exploiting information technology and have given technology a more central place in the reform framework.
- more rigorous in integrating the need for cost reduction into our analysis and rhetoric.
- more realistic in estimating the costs and challenges of "classification reform," which is, at the end of the day, all about compensation — placing the issue at the heart of relations with the unions as well as the nexus of the often contradictory requirements of collective bargaining and the pay equity provisions of the *Canadian Human Rights Act*.
- more balanced in our approach to the control-empowerment and centralization-decentralization issues.

Although some of us made many of these points in internal discussions at the time, we also recognized that trying to effect cultural and attitudinal change in an institution as large and complex as the Public Service of Canada is a Herculean task. The prevailing view was that, in order to obtain a broad-based commitment to change, it was necessary to express the essential thrust of the reform in simple and compelling terms.

Looking ahead, if I may be so presumptuous from a distance of six years and 500 kilometres from Ottawa, I would offer the following five suggestions for the current leaders of public service reform and renewal. These suggestions flow from the perspectives presented in this paper and build on the positions I have taken in previously published commentary:[15]

- **Give exploitation of new technology an increasing role in the public sector management agenda.** Many of the federal government's operations are concerned primarily with information management and the processing of payments and permissions. There are enormous opportunities to provide more client-oriented and faster services, to integrate delivery across existing organizational units, to reduce salary costs in clerical operations, to rationalize the myriad existing systems in financial, personnel and materiel management, and to provide more flexibility for employees (such as telecommuting). Reaping the benefits of such technological change will require sustained effort — to re-engineer existing processes, to train staff at all levels, and to manage the human side of institutional change. The government is now putting a priority on "e-government."[16] The opportunity and the challenge is such that e-government initiatives could be made the key organizing focus for reform in the next decade. This would likely require stronger central co-ordination than the "empowerment and entrepreneurship" theme of the early 1990s.

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[15] See Ian D. Clark: "Global Economic Trends: Implications for Canadian Governments," *Canadian Public Administration*, Winter 1997, Vol. 39, No. 4, pp. 447–456; "A Realistic Posture for Management in the '90s," in *The Dewar Series, Strategic Leadership for Public Service Renewal*, Canadian Centre for Management Development, 1996, pp. 1–17; "The New Public Management: Canada in a Comparative Perspective," book review, *Canadian Public Administration*, Fall 1996, Vol. 39, No. 3, pp. 419–422; "Restraint, renewal and the Treasury Board Secretariat," *Canadian Public Administration, Summer* 1994, Vol. 37, No. 2, pp. 209–248; "On Re–engineering the Public Service of Canada," *Public Sector Management*, 1994, Vol. 4, No. 4; "Ethics in Human Resource Management: Basic Bargains and Basic Values," *Canadian Public Administration*, Spring 1991, Vol. 34, No. 1, pp. 37–43.

- **Avoid grand plans for management reform unless they align closely with the government's policy and fiscal agendas.** For the reasons noted earlier, unless a government comes to power with a radically different policy and fiscal agenda, it is unlikely that dramatic initiatives in public service reform will garner sufficient public and political support to secure substantial legislative change. The most practical agenda for reform is likely one that takes as given, and works within most of the current legislation governing public service staffing and collective bargaining.[17] This means getting on with the fundamentals of human resources management: recruiting high-calibre people and compensating them competitively, upgrading skills of the existing work force, and dealing with underperformers. This can all be done within the current legislative framework. Again, this would seem to be consistent with the priorities stated in the last Speech from the Throne and elaborated in the latest report of the Clerk.[18]

- **Increase market sensitivity in public sector compensation decisions, including classification determination.** The federal public service will increasingly become a work force of "knowledge workers" whose skills will be in high demand in the private sector. The government's compensation philosophy should evolve quickly to that of "pay what is needed, but no more, for necessary talent." In the past the federal government's compensation philosophy has included objectives of being a "model employer," and of raising minimum incomes, regional incomes and incomes of particular demographic groups. Such objectives should be less relevant for knowledge workers who will necessarily be compensated more generously than most Canadians. The challenge ahead is highlighted by the June 2000 report from one of Canada's most respected and socially sensitive think tanks, the Canadian Policy Research Networks. The study found that many federal public servants are currently paid substantially more than comparable jobs in the private sector.[19] The government will have to be careful not to exacerbate this imbalance as it implements changes to the classification system, and passes its promised amendments to the *Canadian Human Rights Act* dealing with pay equity. But the challenge is perhaps more pressing for areas where Canadians with key skills can earn much more in the private sector. In the absence of a full-scale revision of the classification and collective bargaining systems, the government will have to rely on ad hoc measures to provide more market-sensitive compensation to recruit and retain necessary talent.

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[16] The October 1999 Speech from the Throne includes the commitment, "The Government will become a model user of information technology and the Internet. By 2004, our goal is to be known around the world as the government most connected to its citizens, with Canadians able to access all government information and services on–line at the time and place of their choosing. We will build on a pilot project now under way to make www.access.ca a personal gateway to government information and community content on the Internet, and we will encourage all Canadians to make use of this address."

[17] My suggestion runs counter to the conviction of senior federal human resource specialists, as expressed through the Human Resources Council. Although I am not necessarily expressing a preference for the currently legislated human resource management arrangements, I am asserting that that a significant change is very unlikely to happen unless and until a future government were to adopt a more radical and politically driven public service management agenda.

[18] On the human resource management front, the Speech from the Throne commits the government to "focus on the recruitment, retention and continuous learning of a skilled federal work force." In his report, the Clerk has stated that he will build on the three priorities identified by his predecessor: recruitment, workplace well–being, and learning and development. In each case a recently created committee of deputy ministers is drawing up plans to ensure that progress continues over the next five years. (Seventh Annual Report to the Prime Minister on the Public Service of Canada, March, 2000.)

- **Exercise sophistication in applying private sector models.** There will continue to be a steady stream of suggestions to apply to the federal government the techniques of management improvement thought to have been effective in private sector situations. While some management principles are relatively universal, it is worth remembering political scientist Wallace Sayre's quip that "the public and private sectors are fundamentally alike in all unimportant respects." The public sector is characterized by the pervasive influence of politics, frequent change in political leadership and policy direction, a wider range of values and interests to be reconciled, the absence of well-defined measures of success, and the requirements of democratic accountability that lead to numerous and centralized rules and procedures. The feasible limits to liberating and empowering entrepreneurial managers will be lower in most parts of the public sector than in the private sector.

- **Use existing appraisal and incentive systems to encourage managers to act on the widely held precepts of good public sector management.** The need for system changes can easily be exaggerated. When I was deputy head of a line department in the late 1980s, the management team agreed that we could achieve 90 percent of the improvements we sought without any changes in legislation, or even in Treasury Board or Public Service Commission policies. I suspect the same is true today. Most federal managers are familiar with modern theories of management. They know about the importance of personal leadership, of establishing a shared vision and sense of commitment, of continuous learning, of identifying whom they serve, of improving communications, of putting adequate systems in place, of encouraging innovation, and of using appropriate technology. The Canadian Centre for Management Development stays abreast of current theory and best practices and can provide ongoing support to managers and their teams. I submit that what is most needed at this stage is sustained attention to encouraging managers to do the demanding work of good human resource management with respect to those people for whom they are institutionally responsible.

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[19] *Pay Differences between the Government and Private Sectors: Labour Force Survey and Census Estimates*, Morley Gunderson, Douglas Hyatt and Craig Riddell. Human Resources in Government Series. CPRN Discussion Paper W10, June 2000. In the press release, the President of CPRN, Judith Maxwell, notes that "the public sector has an advantage over the private sector in attracting certain classes of employees because of its progressive employment policies. Looking forward, however, the question is how governments will compete for the high–skill people needed for a modern public service."

Perhaps the distance in time and place from the centre of federal public service reform leads to unwarranted complacency. However, after reviewing the Edwards paper, several reports of the Auditor General and the Clerk, as well as materials from other central agencies, I cannot help thinking that a good deal has been accomplished in a decade and that the stances taken by the current leaders of public service reform and renewal are broadly on the right track.[20]

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[20] It is gratifying to see that Professor Peter Aucoin, in an accompanying paper (*Comparative Perspectives on Canadian Public Service Reform in the 1990s*, September 2000), has reached a similar conclusion after comparing the Canadian situation with that in the UK, Australia and New Zealand. He notes that the results of management reform in the federal public service over the last decade have been "impressive, by any international standards," and that Canada compares favourably in relation to 1) the co-ordinated nature of the changes (which included substantial efforts to rebuild policy capacity in the latter half of the 1990s); 2) the undiminished commitment to a professional and non–partisan public service; and 3) the renewed focus on people management. In each of these three areas Aucoin believes that the federal public service is better positioned than are its counterparts in most other jurisdictions.